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The gangsters who call Rio's carnival tune

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY MARCH 12 1993 D8523A

Moslems hold UK aid mission troops hostage

British troops were held hostage by Moslems when they escorted a United Nations aid mission to the besieged Moslem settlemeot of Konjevic Polje in eastern Bosnia, a UN official said. A "human wall" of between 2,000 and 6,000 villagers surrounded two Britisb UN armoured vehicles and refused to let them leave, Jan Erik Linstad of the UN High Commissioner for Refugees said. **UK troops to be recalled from Adriatic, Page 7**

Meanwhile, Bosnian Moslems and Serbs rejected a peace plan under discussion in Paris between Serbian president Slobodan Milosevic and international mediators. Page 3

Decision for Yeltsin: Russian president Boris Yeltsin must today decide between yet another compromise or taking "decisive measures" to break out of the constraints stifling reform. Page 14; **G7 move to back Yeltsin gathers pace, Page 14; Problems set to afflict Ukraine, Page 2**

Rolls-Royce: Rolls-Royce, the UK aero-engine and industrial power group, is to shed 5,000 jobs over the oext two years and cut its dividend after suffering a £184m ($264m) pre-tax loss in 1992. **Tough tactics, Page 15; Lex, Page 14**

Renault, the French state-controlled carmaker, managed to report a nearly doubled annual net profit of FFr5.7bn ($1.04bn) despite falling deeply into loss in the final quarter of last year. Page 15; **Ford UK drops redundancies plan, Page 7**

ABB plans Asia move: Asea Brown Boveri, Europe's biggest electrical engineering company, is to spend $1bn over the next five years to expand its presence in Asia. Page 15

US abortion doctor killed: The murder of Dr David Gunn outside an abortion clinic in Pensacola, Florida, has further inflamed one of America's increasingly violent social confrontations. Page 14

Boost for Australian opposition hopes

A rise in the rate of unemployment boosted opposition leader John Hewson's hopes of victory in tomorrow's Australian federal election. The conservative Liberal/National party coalition believes the jobless figures will prompt a last-minute drift away from the Labor government, which has been in power for 10 years. Page 4

US plans switch from defence: The Clinton administration plans a $19.5bn package of retraining programmes, technology investment and development incentives to help conversion from defence to the civilian economy. Page 3

Bayer, the German chemicals group, will cut its dividend to DM11 per share from DM13 after a 16 per cent drop in pre-tax profits to DM2.7bn ($1.62bn) for last year from DM3.2bn in 1991. Page 16

Smith & Nephew, international healthcare and consumer group, reported pre-tax profits more than donbled at £154.6m ($219.5m) for 1992, boosted by £40.1m profit on the sale of the Nivea trademark. Page 23

Egypt threatens militants: Egyptian security forces promised a war to the death against Moslem militants after killing 16 suspects in an assault on a mosque in the tourist town of Aswan and eight raids in Cairo.

Guerrilla commanders captured: Colombian troops in the capital Medellin captured three commanders of the country's biggest Marxist-led guerrilla group, the Revolutionary Armed Forces of Colombia, the army said.

Early Swedish poll possible: Sweden faces the prospect of an early general election after the minority government decided to seek a vote of confidence in its economic policies. Page 2

Zambia breaks relations: said it had broken diplomatic relations with Iraq and Iran with immediate effect after accusing them of involvement in an alleged opposition coup plot.

EC pressed on HDTV standards: The European Community was pressed to move quickly to develop transmission standards for digital high-definition television. Page 3

UK orders Aids guidelines review: The British government ordered an urgent review of guidelines for medical staff believed to be infected with the Aids virus but ruled out routine HIV testing of health-care workers.

■ STOCK MARKET INDICES		
FT-SE 100:	2858.4	(-8.3)
Yield	4.03	
FT-SE Eurotrack 100	1183.88	(-3.92)
FT-A All-Share	1437.25	(-0.1%)
Nikkei	17,584.79	(+46.16)
New York: lunchtime		
Dow Jones Ind Ave	3464.83	(-13.51)
S&P Composite	455.12	(-1.22)
■ US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.013%	
Long Bond	104¾	
Yield	6.741%	
■ LONDON MONEY		
3-mo Interbank	5⅞%	(same)
Liffe long gilt future: Jun	106⅞	(Jun 107⅝)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Apr)	$18.80	(19)
■ Gold		
New York Comex (Apr)	$327.8	(328.8)
London	$327.15	(326.05)

■ STERLING		
New York lunchtime:		
$	1.4335	
London:		
$	1.4305	(1.4325)
DM	2.365	(same)
FFr	8.1025	(8.095)
SFr	2.1875	(2.1975)
Y	168.75	(169.0)
£ Index	77.2	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.653	
FFr	5.6495	
SFr	1.5238	
Y	117.575	
London:		
DM	1.6505	(1.6545)
FFr	5.64	(5.65)
SFr	1.5235	(1.5345)
Y	117.55	(118.0)
$ Index	66.7	(same)
Tokyo close Y 118.60		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr190	Morocco	MDh15	Singapore	S$4.10
Bulgaria	Lev20.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira25	Spain	Pta200
Czech Rp	Kcs45	Israel	Shk5.50	Norway	NKr16.00	Sweden	SKr15
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Finland	FM12	Korea	Won 2500	Philippines	Peo45	Thailand	Bht50
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000
						UAE	Dh11.00

Italian oil group chiefs held in corruption sweep

By Robert Graham in Rome and Haig Simonian in Milan

MILAN magistrates yesterday dealt a further blow to the political control of Italy's state-run companies by arresting on corruption charges the heads of the three most important snbsidiaries of Eni, the national oil concern.

Mr Raffaele Santoro, chairman of Agip petroleum, Mr Pio Pigorini, head of the Snam gas distribution unit, and Mr Giovanni dell'Orto, chairman of Saipem, Eni's pipeline and engineering subsidiary, were arrested oo charges of illicit funding of political parties and falsifying company accounts.

They were taken hy police to Milan's San Vittore prison, wbere a growing number of Italy's business elite are being held.

The latest move was accompanied by extensive searches of the Milan offices of the three Eni subsidiaries. Yesterday police, who had sealed the buildings overnight, told employees they could enter only after a floor-by-floor identification of their contents and functions.

Yesterday's arrests followed those on Monday of Mr Gabriele Cagliari, Eni's chairman, and Mr Franco Chiatti, bead of the turbines subsidiary, Nuovo Pignone, also on charges of illicit funding of political parties and falsifying company accounts.

Tha latest detentions are believed to relate to incidents separate from those affecting Mr Cagliari and Mr Chiatti, which concerned the illegal payment of L4bn ($2.58m) to secure a power station contract.

To demonstrate support for the Eni management, prime minister Giuliano Amato and Mr Piero Barucci, the Treasury minister whose ministry formally controls Eni, yesterday met Mr Francesco Bernabe, the group's chief executive. This was intended to demonstrate thet Italy's third largest industrial group could continue in business even with much of its top tier of management in prison.

But Eni's problems appear far from over. Magistrates are also investigating the circumstances surrounding the reorganisation of the chemicals industry from 1989-90 as well the alleged role played by the state oil concern in acting as banker to the political parties.

Mr Florio Fiorini, a former Eni finance director and currently in a Swiss jail on charges of fraudulent bankruptcy, recently alleged that throughout the 1970s Eni made regular monthly payments to the main political parties in government.

In Milan yesterday, analysts were divided on the impact of the arrests on plans to privatise Eni sobsidiaries. Nuovo Pignone is listed for privatisation, while both Agip and Snam are due to be floated before the end of the year.

Although the immediate affect was expected to be disruptive, some analysts argued the departure of top executives from Eni's most powerful subsidiaries could reduce internal bickering and tilt the balance in favour of floating the group as a whole, rather than individual subsidiaries.

● In another and as yet unrelated incident Mr Roberto Ruberto, the director-general of Sace, Italy's export credit agency, was arrested and charged with alleged serious corruption relating to overseas operations of Italian companies.

Craxi's banker held, Page 2
The real revolution, Page 13

Sirens shatter suburban calm

By Haig Simonian in Milan

AT THE END of Milan's new third metro line, itself the subject of investigations into kickbacks to political parties, is the southern suburb of San Donato, developed over the past 30 years into the operating headquarters of the Eni gronp.

The site is next to the city's ring motorway and minutes from Linate airport, from which Eni operates a twice-daily private shuttle to Rome. It is ideal for a concern with its top management in the capital but its subsidiaries and day-to-day operations in Milan.

San Donato, developed by Eni's Immobiliare Metanopoli property arm, is an odd jumble of modern office blocks set in ample grounds within a nondescript dormitory town.

On Wednesday night the tranquillity was shattered by flasbing bloe lights and sirens as the chairmen of three of the five Eni subsidiaries based at San Donato were arrested. Cleaners were told to drop their mops as magistrates and the Guardia di Finanza fiscal police moved in to seal offices in the Agip, Snam and Saipem blocks.

By yesterday morning, a full

Continued on Page 14

Protesters fly the flag of the old Soviet Union as the Russian Congress meets in emergency session for the second day. Page 14

Glaxo chief executive ousted after split

By Paul Abrahams in London

DR ERNEST MARIO, chief executive and deputy chairman of Glaxo Holdings, Europe's biggest drugs group, was ousted yesterday after falling out with the rest of the board.

Sir Paul Girolami, chairman, said Dr Mario had not heen removed for any single reason. "It was far more complicated than that. He was not the right man for the future," he said.

Dr Mario, who was appointed chief executive in 1989, said be had resigned because of differences of opinion over the running of the business. Dr Mario last year received a salary, including bonuses, of £975,000 ($1.4m).

Neither be nor Sir Paul would spell out the cause of disagreement. One possibility was Dr Mario's aggressive American management style whicb sat uneasily within a conservative British company. In the past 18 months, Glaxo has had a series of public disputes with regulatory and government autborities in Europe and the US.

Another possible cause was differences over Glaxo's strategic direction. Dr Mario was thought to have wanted to make a substantial rights issua to finance a large acquisition, possibly Warner-Lambert of the US. This would have allowed Glaxo to re-enter the over the counter (OTC) non-prescription drug market.

However, Sir Paul denied yesterday there had been any difference of opinion over Glaxo's OTC intentions. "Even if it had been true that we had disagreed over the OTC question, it's incredible that it would have been a leaving issue".

Sir Paul said that when Dr Mario was appointed chief executive, the board had been aware he had no tremendous feel for an extremely sensitive industry, was relatively new to the group, had more experience in OTC drugs than in prescription medicines, had not been a member of the board of a publicly quoted company for long, and had never worked outside the US.

"If you take that into account,

Continued on Page 14
Not such a super Mario, Page 12
Lex, Page 14

Bank of England told to find 'cheap solution' to share settlement problem

Stock exchange head quits over Taurus

By Richard Waters in London

THE CHIEF EXECUTIVE of the London Stock Exchange, Mr Peter Rawlins, resigned yesterday as its board voted to abandon Taurus, its planned paperless settlement system.

Mr Rawlins was held responsible for the failure of a 12-year project which had already cost the exchange £75m ($106m) and is thought to have cost other UK financial institutions much more.

The Bank of England stepped into the breach and announced that it had set up its own task force to examine how to overhaul settlement arrangements in the London stock market.

It will be led by Mr Pen Kent, a bank associate director, who has taken a close interest in recent years in promoting a better stock market settlement system.

The task force, set up hastily after news of the Taurus fiasco reached the bank on Monday, will look for a "cheap and quick" solution, a bank official said.

The closure of Taurus will mean the loss of 350 jobs at the stock exchange, 130 of them held by contract staff. It will also lead to other job losses as financial Institutions that had been rebuilding their own systems to be compatible with Taurus reduce their development work.

Sir Andrew Hugh Smith, chairman of the stock exchange, refused to say whether he had offered his own resignation, hut said he had discussed his future with the board before it was decided that he should stay on. He also took over as chief executive until a replacement can be found from outside the exchange.

Sir Andrew said: "The board as a whole, and I myself, feel great concern at the buman cost, which will be very painful both in my own organisation and around the City."

The failure of the project rested in large part on the design that was adopted in 1989, he said. In an attempt to reconcile many different interests, the system had been too complex and could not be built without significant extra cost and time.

He also blamed the exchange's own management team, which had failed to understand early enough the implications of the project. "There may have been an element of self-delusion in this," he said.

Significant problems had become clear to senior executives outside the project only at the end of last year. It had been established in the last 10 days that it would take a further three years to complete the project, doubling the final cost.

The exchange's own costs are "only a small proportion of the total cost," he said. Some estimates have put the cost so far at about £400m.

The abandonment of Taurus seems likely to lead to legal claims, as institutions whicb have spent millions of pounds on the project seek to recover their costs. "I'm sure we will get claims," Sir Andrew said. "Our advice at the moment is that it is very unlikely tbat we will be legally liable."

The Bank of England task force includes representatives from the Treasury, tbe Securities and Investments Board and the stock exchange, as well from other City interests, and is due to report to the bank governor by the end of June.

Editorial Comment, Page 13
Plan that fell to earth, Page 13
The Taurus collapse, Page 32

Volvo suffers worst result in its history

By Christopher Brown-Humes in Stockholm

VOLVO, tbe Swedish motor vehicle group, fell to a SKr4.75bn ($610m) deficit after financial items in 1992, the worst result in the group's history. The loss followed difficult market conditions, beavy restructuring costs and buge foreign exchange losses.

The performance, which compares with a SKr1.5bn profit in 1991, led the group to halve its dividend to SKr7.75 per share, the first time it has ever reduced its pay-out. The group's B shares fell SKr6 to end at SKr394.

A spokesman said the result would have no impact on Volvo's continuing discussions over deeper collaboration with tbe French car group Renault.

Volvo suffered a SKr4bn loss after financial items in the fourth quarter of 1992, after taking one-off charges amounting to nearly SKr3.8bn. Restructuring costs, mainly related to the group's planned closure of its Kalmar and Uddevalla plants, amounted to SKr1.45bn. It suffered a further SKr650m in foreign excbange losses and SKr1.14bn in losses related to associate companies, which also had significant one-off losses.

However, underlying industry conditions for both cars and trucks were bleak, the group stated. "Utilisation of capacity in the automotive industry was low, resulting in sharp price competition. Demand for both cars and trucks in tbe United States increased towards the end of the year but the price competitioo did not ease. Demand for heavy trucks in Europe declined sharply during tbe last three months of 1992," it edded.

Operating losses within Volvo Car Group rose to SKr1.83bn from SKr1.77bn although, excluding the currency impact, they improved to a SKr1.17bn deficit.

However, Volvo Truck Group experienced a sharp turnround, slumping to a SKr641m operating loss from a SKr664m profit in 1991. The company partly blamed a reduced volume of business in Europe.

Volvo said the rationalisation programme it initiated in 1991 had cut annual costs by SKr5bn, with SKr2bn of the total stemming from measures implemented last year. Last year, it reduced staff numbers by 3,900, bringing the total staff cuts since June 1990 to 11,000.

The group did not make a forecast for 1993, bot its result is expected to rebonnd sharply thanks to the absence of one-off items and the weakening of the Swedish krona.

Ford drops UK plan, Page 7
Rolls-Royce cuts, Page 15
Renault results, Page 15

CONTENTS

Arrest of Eni chiefs may help flotation

By Haig Simonian in Milan

THE ARREST of the chairmen of the three most important subsidiaries at Italy's Eni energy and chemicals group, on charges of illegal funding of political parties and falsifying company accounts, continues the progressive managerial decapitation of the group.

The detentions follow the arrest on Monday night of Mr Gabriele Cagliari, Eni's chairman, and Mr Franco Chiatti, chairman of its Nuovo Pignone turbines subsidiary, and highlight the attention being paid to Eni by Milanese magistrates leading the country's political corruption investigations.

The arrests of Mr Raffaele Santoro, Mr Pio Pigorini and Mr Giovanni dell'Orto, chairmen of Eni's Agip petroleum, Snam gas distribution and Saipem exploration subsidiaries, were accompanied by raids by magistrates and the Guardia di Finanza fiscal police on the group's offices on the outskirts of Milan. Offices in the Agip, Snam and Saipem buildings were sealed by police on Wednesday night.

Yesterday morning, employees coming to work were told they could return to their offices only after a floor-by-floor identification of their contents and functions.

The searches paralysed activity at Eni's San Donato office complex for much of yesterday. Documents such as bank statements and information relating to foreign payments were impounded.

The arrests mark the second big blow this week to the government's privatisation programme following the incarceration on Monday of Mr Chiatti, whose company is one of the most prominent candidates for disposal. Both Agip and Snam had been hoping to float part of their capital under a long-heralded scheme to bring in private shareholders.

Yesterday, some executives claimed the arrests could accelerate, rather than obstruct, privatisation. Once investigations are completed, Eni may need a clean sweep to restore its international standing.

The departure of top executives from its most powerful subsidiaries could also reduce internal bickering and tilt the balance in favour of floating group rather than individual operations. Arguments over the form of flotation have been one of the biggest obstacles to speedy privatisation.

Agip, which had net profits of L1,101bn ($712m) on sales of L10,967bn in 1991, is Eni's main operation in upstream oil and gas.

Snam is responsible for gas supply and distribution, as well as providing a variety of group services such as property management and communications. In 1991, it reported net earnings of L635.7bn on sales of L11,479bn. The smaller Saipem, which made a 1991 loss of L129bn on sales of L1,634bn, is involved in energy-related drilling and construction.

Eni's other subsidiaries include its big, loss-making EniChem operation, which is already under scrutiny. Italgas, the retail gas distribution arm, and the Snamprogetti engineering business have so far remained outside the magistrates' net.

Gulf widens at the top in Moscow

By John Lloyd in Moscow

MOST of the people who are trying to run Russia spoke on the second day of the Eighth Congress of Peoples Deputies yesterday – and presented starkly different visions of the country's future. Standing before a nervy, easily roused house, they dispensed with any effort to compromise or soothe in favour of bitter, personal attacks and mutual attribution of blame.

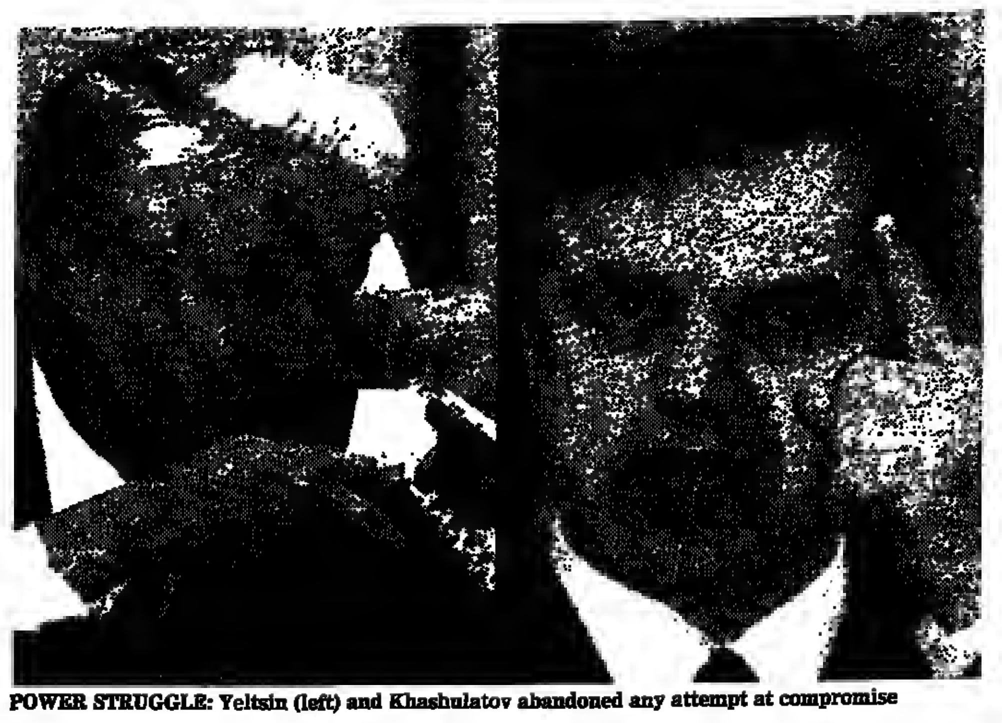
Never less than tense, often ugly and irresponsible, the debate showed how wide is the gulf now between the levels of Russian power. President Boris Yeltsin, insisting on his own primacy as the only popularly elected official, demanded that the presidency be strengthened and that his government be given full control of the country's main financial institutions.

"Don't you understand", he asked the deputies, "that when the legislative power tries to eliminate the power of the president, this destroys the constitutional structure of contemporary Russia, contradicts the peoples' will?"

It was a speech poorly delivered, without conviction, receiving no applause. By contrast, Prime Minister Victor Chernomyrdin gave a strong, emphatic performance, underscoring that it was "strong presidential power that is a guarantor of reforms" – but insisting that the government could not be a "pale shadow" of the president. "The government cannot see through economic reform unless it is given effective means for managing the economy."

Mr Ruslan Khasbulatov, the parliamentary speaker who has in past congresses emerged in the role of a reluctant mediator, has in this session cast aside any effort to do so.

In a fluently bitter, largely extemporised speech, he attacked both president and prime minister equally, repudiating the agreement to hold a referendum reached at the December Congress with Mr Yeltsin as "the work of the devil", defending the deputies as honest toilers in the legislative vineyard while the president's men "swagger before the microphones, blaming us for this, that and the other".



POWER STRUGGLE: Yeltsin (left) and Khasbulatov abandoned any attempt at compromise

He called for the resignation of Mr Anatoly Chubais, the deputy prime minister in charge of privatisation, threatened to block ministerial salaries and said that parliament would not pass the government's budget. Sarcastically, he asked Mr Chernomyrdin who was in charge of his cabinet – expressing the disappointment felt by many of the centrist deputies that the prime minister, seen on his election as a moderate, had gone over to the radical reformers.

In brief appearances at the end of the session – after Congress had already approved in principle a draft resolution cancelling the referendum and ending a moratorium on making further incursions into the presidential powers – Mr Victor Gerashchenko, the central bank chairman, and Mr Valery Zorkin, president of the Constitutional Court, both essentially sided with the Congress.

The debate ended with the tension unresolved: the crucial, final vote on a draft resolution dividing the powers not yet taken, and no official word on whether Mr Yeltsin would bow to another unfavourable compromise or take the "decisive measures" he and his circle have hinted at. But even now, it is clear that the crisis has only deepened.

Russia's problems set to afflict Ukraine

By Chrystie Freeland in Kiev

THE political disputes which have paralysed Russia are also threatening to envelop Ukraine, where President Leonid Kravchuk yesterday appeared to be heading for a confrontation with the reformist government of the prime minister, Mr Leonid Kuchma.

Mr Kravchuk's acerbic criticism of the government's draft budget left the country uncertain as to whether he supports the tough market reforms launched earlier this year by the prime minister. On Wednesday, Mr Kravchuk took the unusual step of appearing at a cabinet meeting, where he fiercely rejected the draft budget under review.

Ironically, Mr Kravchuk's criticism of the budget may offer a boost to Ukraine's nascent economic reforms. Although the draft budget proposed to cut the deficit from last year's high of 36 per cent of GNP to 7 per cent of GNP it was described as inadequate by market-minded economists and western financial organisations.

"I think that the budget was genuinely incomplete," said Mr Oleksandr Savchenko, an advocate of radical economic reforms who helped write the government's economic reform programme. However, the manner in which Mr Kravchuk attacked the draft budget suggests he may be mounting an open political offensive against the prime minister, whose reforms have begun to erode the power of the ex-communist elite which forms Mr Kravchuk's main power base.

"The president's address had political motives," a senior cabinet official said yesterday. Mr Kravchuk, who had not appeared before cabinet in the past six months, chose to address the meeting at the eleventh hour. Illness prevented both Mr Kuchma and Mr Viktor Pynzenyk, the radical minister of the economy, from attending.

Moreover, Mr Kravchuk – who criticised the draft budget both for containing too few anti-inflationary measures and for not providing enough social welfare protection – suggested the creation of an "anti-crisis unit" to oversee the work of the government.

German business calls for cuts in spending

By Quentin Peel in Bonn

LEADERS of Germany's business community yesterday called for an urgent end to the months of talks over a solidarity pact to finance east German recovery, as Chancellor Helmut Kohl launched his last-ditch bid for agreement.

The four business leaders representing employers, industry, commerce and small enterprises, called for public spending cuts, not tax rises, to be the key to the pact, intended to revive the east German economy and guarantee long-term cash transfers from the west.

Their plea was backed in a new report on the state of the German economy by Ifo, the Munich-based economic research institute, which said the current sharp recession could bottom out before the end of the year, provided that the solidarity pact talks come to a clear and swift conclusion.

The institute said manufacturing was clearly in recession, but said the current pessimism in business and banking circles was exaggerated.

"In spite of the extremely precarious situation, one cannot talk of 'the worst recession since the war,' or even of an 'economic catastrophe,' as some people are doing," Ifo said.

The sharpness of the downturn was in part a clear reaction to the abnormal upswing caused by German unification.

The business leaders saw Chancellor Kohl yesterday immediately before he opened a two-day, closed-door conference with the 16 prime ministers of Germany's Länder (federal states), and the opposition Social Democrats, to finalise his long-awaited solidarity pact.

Mr Björn Engholm, leader of the opposition SPD and prime minister of Schleswig-Holstein, and Mr Kurt Biedenkopf, Christian Democrat prime minister of Saxony, in east Germany – both key players in the talks – expressed cautious optimism about a possible compromise.

Mr Kohl's strategy appears to be to focus on ways to cut federal and state spending before allowing the debate to move on to possible tax rises.

■ Gesamtmetall, Germany's employers' association for the metal and electrical industry, yesterday said any wage increases in east Germany must reflect productivity levels and must be kept below the 11.5 per cent annual inflation rate in the five eastern states, writes Judy Dempsey in Berlin.

At the same time, Mr Dieter Kirchner, head of Gesamtmetall, repeated his offer to resume talks with the union, IG Metall, aimed at preventing a strike in the east called for April 1. IG Metall's national council have called the strike, beginning April 1, following the decision by employers to break a contract which would have brought eastern German wages up to western German levels by April 1994.

Romania issues list for sell-off despite doubts

By Virginia Marsh in Bucharest

ROMANIA'S privatisation authorities yesterday published a list of the first 162 candidates in a scheme designed to sell-off 2,000 small companies over the next two years.

However, doubts were cast on plans for the privatisation of larger companies by the new administration board of the State Ownership Fund (SOF), which manages and owns the state's 70 per cent stake in the 6,280 commerical companies due for privatisation.

Mr Emil Dima, the SOF's new president, said he was opposed to selling-off or closing down medium-sized and large companies considered not viable purely on financial grounds. He said he would even oppose shutting down the 112 black-listed enterprises which the government had identified as the chief causes of the "financial blockage".

Reformers within the government have pledged to take action against the 112 companies which are contributing to the country's crippling level of inter-enterprise arrears, estimated at more than $2.5bn.

Mr Dima, a senator representing the ruling left-wing Democratic National Salvation Front, said: "Some of these companies are too important to be closed. We cannot do without them and must consider the social impact shutting them down would have."

Rather, the state should increase its intervention in the economy to boost production and efficiency, he said.

The SOF said the 2,000 small companies earmarked for early privatisation were likely to be sold chiefly via management and employee buy-outs. Employees would have the first option on the companies and would be eligible for some state financing state at interest rates around half the market rate.

Companies not sold to employees are to be auctioned.

Pirate TV network for Poland

By Christopher Bobinski in Warsaw

POLAND'S two state television channels yesterday faced a challenge from Mr Nicola Grauso, a media baron from Sardinia, who revealed that the 12 pirate Polish TV stations he controls were to form a network broadcasting programmes and advertising in prime time.

The stations, which have operated independently until now, cover half the country's 39m population and two thirds of its consumer spending power. Mr Grauso, who owns a third of each station, said the programming would come from RAI, the Italian state-owned broadcaster, as well as Mr Silvio Berlusconi's Fininvest company.

Mr Grauso owns the L'Unione Sarda newspaper in Sardinia and has invested $15m in the Zycie Warszawy, a popular Warsaw daily newspaper. The move steals a march on media conglomerates which have been waiting for the enactment of a law ending the state radio and TV monopoly.

Swedish economy may force poll

By Christopher Brown-Humes in Stockholm

SWEDEN faces the prospect of an early general election after the minority government yesterday decided to seek a vote of confidence in its economic policies next Wednesday.

The crisis was triggered by the opposition New Democracy party, which unexpectedly voted against two government bills on Wednesday, throwing into question the government's ability to implement its economic policies

Although there were indications late yesterday of a compromise, it was still unclear whether the government would secure New Democracy backing in the vote. Failure to do so would trigger a general election in May or June. This would be the first time for 35 years that an election had been called early, and would be well before the government's current three-year mandate expires in September 1994.

The populist New Democracy denies trying to force an early election, but says it wants to be more broadly consulted on economic policy. In return for its support, it wants the government to stimulate Sweden's recession-stricken economy, by lowering value added tax or petrol taxes.

This is a difficult demand for the government to concede at a time when the budget deficit is SKr200bn (£18.2bn). New Democracy might, however, support the government in the vote in exchange for greater consultation over the contents of next month's supplementary budget.

Mr Carl Bildt, the prime minister, has not disguised his exasperation at what he considers a last-minute change of tactics by New Democracy, which the government says casts doubt over the party's reliability.

The government felt it had secured the party's support both for its general economic policy and a specific motion relating to pensions, before they were rejected.

Mr Lars Christiansson, chief spokesman for Mr Bildt, said: "The crisis is not over and it is impossible to see how next Wednesday's vote will go." He added that no direct talks between the government and New Democracy were currently scheduled.

However, the latest opinion polls suggest an election would bring the Social Democrats back to power. "The logical and natural decision if the government cannot govern is to call an election and let the people have their say," said Mr Ingvar Carlsson, Social Democrats leader.

The political uncertainty led to a sharp fall in the krona and higher money market interest rates yesterday.

Bundestag warned on curbing asylum

By Ariane Genillard in Bonn

GERMANY'S plan to change its constitution and curb the influx of asylum seekers is incompatible with the Geneva Convention on refugees, the German parliament was warned yesterday.

Mr Walter Koisser, of the United Nations High Commissioner for Refugees in Bonn, told the constitutional committee of the Bundestag: "Every refugee must have the chance of fair asylum proceedings, whether he came by air, sea or from a third country which is judged unsafe."

Germany is considering amendments to its liberal asylum law which would allow asylum seekers to be sent back over the German border to third countries such as Poland, the Czech and Slovak republics and Hungary.

Mr Koisser said the plan would "violate human rights" unless at least three conditions were met: asylum seekers must be able to stay in the third country until the asylum request is processed, they must be given decent living conditions, and third countries must be declared safe by international agreements.

He said there was otherwise a danger of "chain-deportation" which would imperil the international asylum system.

Mr Koisser recommended an amendment specifying that third countries must offer protection from persecution and ensure the Geneva Convention on refugees is respected.

Steel closure postponed

The supervisory board of Krupp-Hoesch, the newly-merged steel group, yesterday postponed a decision to close its integrated steel plant at Duisburg-Rheinhausen, after mass protests by the workforce, writes Quentin Peel.

Demonstrators threw eggs and insults at Mr Gerhard Cromme, the chief executive, whose management team had recommended the closure. A final decision will now be taken on April 29, a spokesman said.

French parties called to arms on conscription

President Mitterrand and a future right-wing government face an early skirmish over the military, writes David Buchan

ASSEMBLÉE NATIONALE
Elections '93

ONE OF THE first clashes between France's likely new conservative government and its incumbent Socialist president could be over conscription.

President François Mitterrand sees no reason to change compulsory military service, introduced 200 years ago to fight off the French Revolution's foreign enemies. He claims "nothing can replace the collective effort, without which national defence loses its true sense" – a view endorsed two weeks ago at what was probably one of the last cabinet meetings chaired by Mr Pierre Bérégovoy as prime minister.

Opposition pressure for a professional army is growing, although it is found less among the centre-right UDF than among the RPR Gaullists, who true to their founder are more concerned with matters military. And within the RPR conscription still has its champions. But Mr Jacques Chirac, the RPR president, has tipped his hand by calling for units, if not the whole army, which are "purely professional". The practical problem with the present system lies with the army, composed 60 per cent of conscripts (compared with 39 per cent for the air force and 30 per cent for the navy). Two years ago, France encountered difficulty and delay in disentangling conscripts from regular forces to field 12,000 purely professional troops in the Gulf war. Since then it has allowed conscripts to, volunteer for United Nations service in ex-Yugoslavia, Cambodia and Somalia. But with Bosnia proving more dangerous than the Gulf, there is always the possibility that this practice might have to be reversed.

But there are more serious political objections to conscription. Far from being universal, fewer than half France's male 18-year-olds end up in uniform, compared with 70 per cent 15 years ago. Many undertake alternative duties in local public services or even in companies, and a humanitarian service in developing countries has been created.

But there are also dodges. If a young man fails his military medical, he also gets out of any civilian service. Two thirds of those who pass their medical get some sort of deferment, which also often ends in total exemption. Inevitably, it is middle-class youth which makes most use of any such ruses.

While sticking to the conscription principle, Mr Pierre Joxe, the defence minister, has promised to reverse the pattern of recent years which has actually seen a slight decline in the ratio of regular to conscript soldiers. The Joxe plan is to reduce the army from 260,000 now to 225,000 by 1997, with the number of conscripts then (115,000) only barely above the number of volunteer professionals (110,000).

Set against this is a plan by Mr François Fillon, the young RPR deputy who heads the national assembly's defence committee, to have a wholly professional army of 185,000 within five years and to reduce conscription from 10 months to a nominal three months for service within France.

This is too radical a change to be welcomed by the French high command, which – only partly at Mr Joxe's urging – detailed its objections last week. First, said General Yves Crene, deputy chief-of-staff, the Fillon plan would take seven years to implement. Second, most of those currently enlisting as regular soldiers are conscripts who know what they are letting themselves in for. So, concluded Gen Crene, "the best way of recruiting professionals is to recruit conscripts".

Finally – and probably most important in view of budget deficits – is the extra cost of going professional. General Crene put this at FFr4bn (£500m) to FFr5bn a year. This stems not only from higher pay (a conscript's basic pay is only FFr500 a month) for enlisted men, but also from the need to provide pensions and discharge payments. The general claimed Britain's professional army of around 130,000 costs 20 per cent more to run than France's current force and was "no better equipped".

Some independent French experts applaud Mr Fillon's call for more professionalism but doubt whether France, even in an era of high unemployment, can attract enough volunteers. Mr François Heisbourg, a former director of the International Institute for Strategic Studies in London, notes the difficulty Britain has had in filling its army's ranks, and cautions that "France is remarkably similar to Britain in demographic and sociological terms".

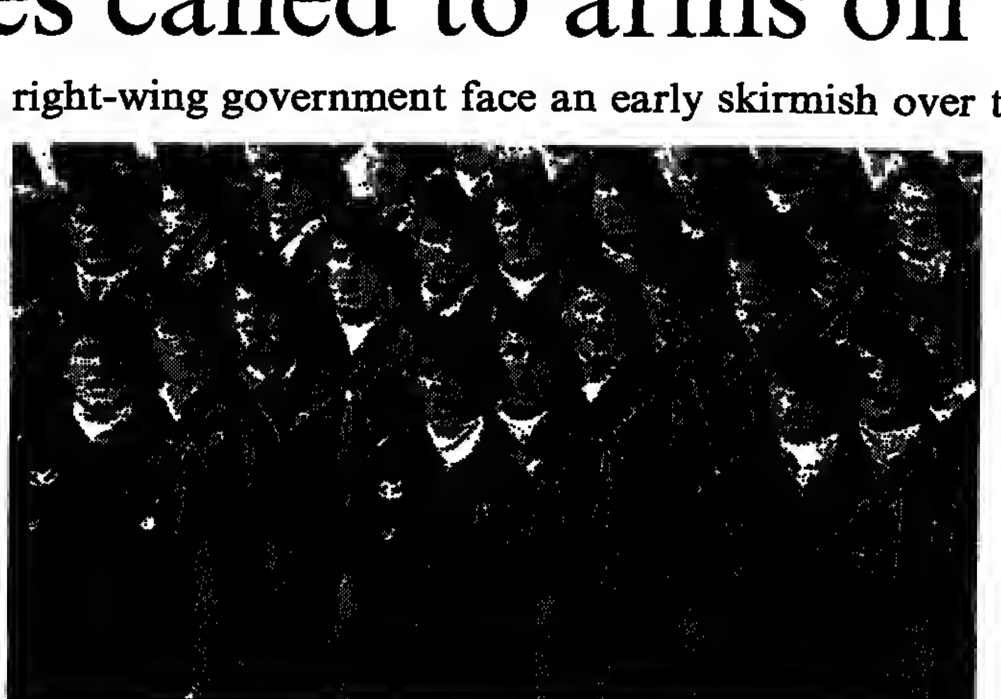
If France's military goals remain unchanged, Mr Heisbourg says, it needs at least 20,000 to 30,000 more troops than Britain to carry out old commitments in Africa and new commitments to the UN.

One way of settling the fate of conscription would be to put it to a referendum. Mr Chirac has hinted he would like this. But since both president and prime minister would have to be agree, such a tactic may not be possible for Mr Mitterrand's two remaining years in the Elysée Palace.

The rivalry between France's two main opposition parties to provide the country's next prime minister gained a new twist in opinion poll findings yesterday, writes David Buchan in Paris.

A Sofres poll suggested that Mr Edouard Balladur, the RPR's former finance minister, would be far more popular as prime minister among the combined supporters of the Gaullist RPR and centre-right UDF parties than any UDF candidate. Mr Balladur has 41 per cent backing among UDF supporters alone.

But an Ifop poll in yesterday's edition of L'Express magazine put the UDF, albeit by only half a percentage point, ahead of the RPR's general support for the first time. They are opposing each other in only 69 constituencies.



BATTLE LINES: Gaullist leaders want a professional army but the Socialists prefer conscription

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Retail sales show modest increase

By Jurek Martin in Washington

AMERICAN consumers have begun the New Year in a more cautions vein, according to the latest retail sales figures published by the Commerce Department.

In February, total sales rose by a modest 0.3 per cent compared with the previons month.

The department also revised downwards its original estimetes for January, from an improvement of 0.3 per cent to no change from December, when sales had jumped by 1.1 per cent.

Last month, durable goods *sales fell by 0.5 per cent*, largely hecause of weak demand for cars and light trucks, purchases of which fell by 2.2 per cent to an annual rate of 12.6m units.

Non-durable sales went up in February by 0.7 per cent, led by strong performances at grocery stores and petrol stations. Department stores sales generally held on to their Christmas gains.

The labour department also announced yesterday a rise in the last week of February in new claims for unemployment benefit, to the highest level in four months.

This figure, however, is very volatile and must be set against the generally strong jobs picture of last month.

US plans finance for switch from defence

By George Graham in Washington

THE CLINTON administration plans e $19.5hn package of job retraining programmes, tecbnology investmeot and economic development incentives over the next five years, to help companies and communities convert from defsnce to the civilian economy.

President Bill Clioton leunched the plan, which in part bundles together existing programmes, in a speech to workers at a defence company in Maryland, hut the announcement was also geared to help soften the impact today of the Defence Department's list of military bases which it wants to close.

Mr Clinton said the impact of *cuts in defence spending could* be essed if the country were to act decisively and intelligently.

"Clearly, defence cooversion can be done, and can be done well, making change our friend and not our enemy. But, in order to do it, we must act, act decisively, act intelligently, and not simply rsact years after the cuts occur," he said.

But members of Congress – especially those from California and South Carolina, which are expected to be hit particularly hard hy the base closures to be announced today – complained that the measures would only ease a small part of their pain.

Mr Clinton said the government wanted to promote dual-use research and civilian use of technology developed for military purposes.

Mr Gens Sperling, dsputy assistant to the president for economic policy, seid the defeoce conversion programme was "a major sea change in economic policy".

A total of $1.7hn will he spent *this* year on defence conversion, Mr Sperling said, most of it money already allotted to the task by Congress last year, hot which the Bush administration had not speot.

Mr Sperling said the president believed that, "from soldiers to scientists, it is morally right and economically right that we seek to redirect the energies and talents of the people who were responsible for winning the cold war to the new investments in the economy that we need for national economic security."

The administration estimates that about 1m uniformed and civilian defence personnel will loss thair jobs because of defence cuts, along with another 1m civilians working in privete sector defence companies.

But the Clintoo administration plans deeper cuts than those scheduled by President George Buah, reducing the armed forces to 1.4m rather than to 1.6m.

Furthermore, a recent study *by the Stockholm International* Peace Research Institute says that, from a peak of 3.36m jobs in 1987, the US defence industry had already lost 600,000 jobs hy last year and would lose another 1.4m over the next three years.

Call for action on digital HDTV

By Andrew Hill in Brussels

THE European Community was pressed yesterday to move quickly to develop transmission standards for digital high-definition television.

In a letter circulated to EC governments, Mr Helge Israelsen, Denmark's director geoeral of post and telecommunications, *warns* of "*chaos*" if *swift action* were not taken to set digital standards.

By emphasising the development of digital television technology, Denmark – current president of the Community – hopes to break the political impasse holding up an EC strategy for wide-screen, cinema-quality television.

Britain is blocking egreement oo a five-year Ecu500m (£413m) EC funding plan, oo the grounds that digital television technology, already under development in the US and the Community, could soon overtake analogue HDTV standards *supported by the draft funding* plan.

The Danish initiative is not intended to promote an exclusive technology, competing with US digital systems, but to prevent rival standards springing up within the Community.

Mr Martin Bangemann, EC industry commissioner, has suggested that the EC does not need to develop exclusive digital standards because European manufacturers, notably Philips of the Netherlands and Thomson of France, ere already involved in the race to produce a digital television standard for the US.

The Commission will today clarify its position today, hy indicating that US digital TV techoology could not he adopted directly by the EC, although Community digital standards would probably have several elements in common with non-EC technologies.

The compromise circulated by Mr Israelsen appears to go a long way towards meeting the UK's objections to the original EC strategy. It suggests ths Community should:

- use funding to encourage the production and broadcast of wide-screen non-HDTV television programmes over the next four years, irrespective of transmission standards;
- revise and expand existing legislation so that it allows different technologies to be used for wide-screen transmissions;
- initiate plans for development of a single digital television standard, or a "family" of standards.

The Danish presidency wants the Commission to propose a revised directive on transmission standards and a strategy for digital televisioo by September 1, and will seek ministers' backing for the compromise at the telecommunications council on May 10, if not before.

Milosevic denies full backing to peace plan

By Robert Mauthner in Paris

PRESIDENT Slobodan Milosevic of Serbia last night refused to give a clear endorsement to the peace settlement for Bosnie-Hercegovina proposed by international mediators.

"We cannot say whether the peace accord should be adopted in its present form. It is up to the three [Bosnian] communities to decide," he said after talks with Mr Cyrus Vance and Lord Owen, hosted by France's Presideot François Mitterrand in Paris.

Lord Owen said at a joint press conference with Mr Vance after the first round of talks that it was "too early to say whether President Milosevic will put pressure oo Mr Karadzic [the leader of the Bosnian Serbs]."

The mediators rejected a suggestion by the Serbian president that implementation of the peace settlement should start with the epplicetion of the military agreement, notably a ceasefire.

Mr Milosevic said he thought the Bosnian Serbs would respect e ceasefire.

However, Lord Owen said it would be inappropriate for a ceasefire to be implemented separately from a constitutional agreement and the map of the 10 provinces into which it has been proposed that Bosnia should be divided.

He said that if a ceasefire came ioto effect without the other elemeots, the Bosnian Serbs would hold oo to the 70 per cent of Bosnian territory which they presently occupied. The map provides for a divisioo of territory which would give the Bosnian Serbs only 43 per cent.

Mr Vance said they had discussed witb Mr Milosevic the prospect of more draconiao sanctions against Serbia if the Bosnian Serba blocked the peace plan. The US and Britain have drafted tougher sanctioos which they want the Security Council to impose if the Serbs obstruct the negotiations.

Mr Milosevic said the time had come for the UN to lift sanctions against Serbia.

Lord Owen quoted Mr Mitterrand as telling Mr Milosevic: "Whatever the rights or wrongs [of saoctions], if there is no settlement, the world will take action."

According to Lord Owen, Mr Milosevic had told them that he had only limited influence over the Bosnian Serbs, but the mediators helieve that in fact he has substantial Influence over Mr Radovan Karadzic, the Bosnian Serh leader.

The meeting, hosted at the Elysée Palace, was undermined even before it started hy statements hy both the Bosnian Moslems and Serbs that they would not endorse the peace plan in its preseot form.

Mr Vance aod Lord Owen had hoped to isolate Mr Karadzic. But they were thwarted when President Alija Izethegovic, the Moslem Bosnian president, said on Wednesday he would not return to the peace talks in New York at the end of this week to sign the mediators' map, as he had previously intimated.

Mr Izetbegovic has delayed his return to New York until the middle of next week at the earliest, pending further consultations with other members of the joint Bosnian presidency, several of whom, including Mr Ejup Ganic, the vice-president, are reported to he strongly opposed to the Vaoce-Owen plan.

MRS SADAKO OGATA, United Nations high commissioner for refugees, yesterday praised the US decision to undertake an airdrop of humanitarian supplies in eastern Bosnia, saying it was relieving much suffering, writes Michael Littlejohns.

But in a closed-door briefing for the UN Security Council, she emphasised thet the operation could never be a substitute for land convoys, which still constituted her agency's first priority. During the past few weeks lack of land access had resulted in a 50 per ceot reduction in food aid, previously running at 8,000 tonnes a week.

Mrs Ogata will have talks in Washington with the Clinton administration today.

Moslems take UK troops hostage

ANGRY Moslems took British troops hostage yesterday wheo they escorted e United Nations aid mission to the besieged Moslem settlement of Konjevic Polje in eastern Bosnia, a UN official said, Reuter reports from Banja Koviljaca, Serbia.

Mr Jan Erik Linstad, of the United Nations High Commissioner for Refugees, said on his return from the settlement that "a human wall" of 2,000-6,000 villagers surrounded two British UN armoured vehicles and refused to let them leave.

Mr Linstad quoted British Major Alan Ahraham, the commander of the escort, as saying the situation was extremely critical. He said a team of doctors and nurses withdrew from Konjevic Polje at 5pm ss it came under shellfire from Serb tanks on surrounding mountains.

Maj Martin Waters of the British UN cootingent in Bosnie said villagers had surrounded the two armoured vehicles, a Spartan troop carrier aod a Sultan command vehicle, with burning bales of hay to prevent their escape.

The coovoy had gone to Konjevic Polje to evacuate 75 wounded, mainly men, but Bosnian Serbs bad said the missioo could bring out only women and children.

Ms Lyndall Sachs of the UNHCR in Belgrade said the crowd told the convoy: "If you don't take all the wounded you don't take any."

US moves to extend naval blockade against Serbia

By George Graham in Washington

THE US yesterday took steps to tighten the naval blockade of Serbia and Montenegro hy *adding 25 shipping companies* to its list of groups with which US citizens are barred from doing business.

The US Treasury said the Yugoslav-cootrolled ahipping companies, with a combined fleet of 55 vessels, had tried to hide their ownership by using foreign front companies, changing vessei names and reflagging ships.

Mr Richard Newcomb, director of the Treasury's office of foreign asset control, said: "Yugoslavia has continued to trade through its maritime fleet in flagraot violatioo of United *Nations sanctions. Publication* of these names sends a clear signal: the United States will deoy the Serbs and Montenegrins any benefit of regular international commerce."

The new list of Yugoslav-controlled shipping companies is beaded by Milena Ship Management and Rigel Shipmanagement, two Montenegrin-owoed Maltese companies which between them control 40 bulk and general cargo vessels.

The US can levy fines of up to $500,000 (£352,000) on companies or $250,000 on individuals for violations of the Yugoslav *embargo, imposed in May 1992*. The Treasury has already frozen some $525m to Yugoslav assets since the sanctions were imposed, and seven Yugoslav ships have heen held in US ports.

The US is working with Serbia's oeighbouring countries to plug the steady flow of sanctions-breaking goods along the Danube into Serbia.

Choice for Escobar is surrender or die

By Sarita Kendall in Bogotá

AS THE police hunt for Pablo Escobar intensifies and more of his associates are killed, captured or give themselves up, the chief of the Medellín drug cartel seems to have little chance of staying alive unless he surrenders once again to the Colombian authorities.

In his latest move, he has requested protection for his family and the mediation of the Catholic Church, recalling the pattern that led up to his first surrender in 1991.

Escohar has never been under such pressure: since his escape from *jail last July*, a special search force has carried out thousends of operations in and around Medellín – dawn patrols, helicopter sweeps, road-blocks and, increasingly, raids mounted as a result of tip-offs.

His safe territory is dwindling as even Medellín residents turn against his random terror tactics. And the revenge of a band known as the Pepes – people persecnted by Pablo Escobar – has left a trail of more than 40 dead employees, collaborators and gunmen and several burnt-out family properties.

Last month, Escobar's family tried to flee to the US, but Colombian immigration officials stopped them because papers permitting his children to travel did not carry Escobar's signature. The US embassy in Bogotá then revoked their visas. Now the only surrender *condition publicised* by Escobar is protection for his family; but a warrant is out for the 17-year-old son who has been linked to the murder of a police captain.

The government has firmly rejected any negotiations for re-surrender. The shaming memories of Escobar's luxurious prison life and the way he imposed his own requirements on the authorities in 1991 make any under-the-counter deal impossible.

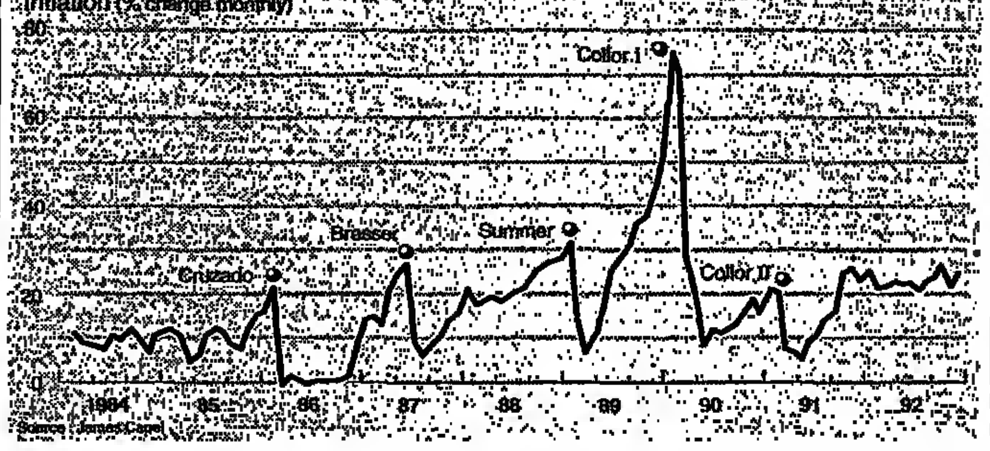
With over a dozen cases of murder, terrorism and trafficking to face, Escobar can now expect a much longer and *less comfortable prison sentence* than when he first surrendered. But the circle is tightening and the Medellín cartel has lost key military and financial personnel.

Already, Medellín has lost much of the drug trade to the Cali organisation. By forgoing violence against the public and using more subtle tactics, such as the infiltration of local business and political institutions, the Cali groups have kept out of the limelight and built up their trafficking networks in Europe and North America, as well as neighbouring South American countries and new Far Eastern markets.

Apart from some international operations against money-laundering, the authorities have made few moves against the Cali drug lords and some experts believe it may be too late.

Brazil: shock plans fail to conquer rising prices

	Cruzado Feb 1986	Bresser Jun 1987	Summer Jan 1989	Collor I Mar 1990	Collor II Jan 1991
Price freeze	Yes	Yes	Yes	Yes	Yes
New currency	Cruzado	No	New Cruzado	Cruzeiro	No
Indexation measures	Eliminated some forms		Further measures	Abolished wage indexation	Abolished daily indexation
Fiscal measures		Increased spending controls		Tax reform Assets tax Spending cuts	Rise in administered prices
Monetary measures			Rise in interest rates	Frozen Cruzado plan	
Other		Devaluation		Privatisation proposals	Free wage bargaining
				Import controls freed	Tariff cuts



Source: James Capel

Brazil braced for new shot at economic goal

Christina Lamb in Brasília reports on the prospects for the new finance minister, beset by inflation

ALL Brazilians, they say, have their own dream team to play in the national soccer side – and their own solution for combating inflation, now et an annual 1,500 per cent.

Some seven team managers and eight finance ministers have had their chance to try their hand with various shock plans and strategies in the past eight years, but neither Brazil's football nor its economy has prospered. Another change at the top of the Finance Ministry *last week prompted fears* that a further shock plan was on its way, despite the past failure of such measures.

All the signs are there. Inflation is nearing 30 per cent a month, at which point desperate governments of the past have slapped on price freezes and seized assets. Recession is in its fourth year and the government is yet to finalise the budget this year. President Itamar Franco is under increasing pressure to act.

His political allies, though, have been quick to warn against the longer-term consequences of shock "heterodox" measures such as a price and wage freeze. "If we've learnt anything in the past few years it is that magic solutions don't work," says Mr Tasso Jereissati, leader of the Social Democrat party (PSDB) who met the president on Tuesday. "The real problem to tackle is public finances."

For the moment, the pendulum seems to have swung away from heterodox measures in favour of serious fiscal adjustment. Mr Eliseu Resende, the new finance minister, ruled out shock plans in his first public pronouncement this week.

What he does intend to do is not yet clear. As the third finance minister in just five months and a minister under military regimes, Mr Resende faces a serious public credibility problem. But Mr Fernando Henrique Cardoso, foreign minister and one of Mr Franco's closest advisers, says the situation is better than it looks.

He points out that exports are booming, a new law deregulating Brazil's backward port system has been passed and on Wednesday night the Senate approved a new tax to raise $600m per month to help the government balance its books. The government's economics team has also developed a serious programme of fiscal discipline which it is now trying to convince the president to adopt.

Mr Fernando Antoni Hadba, aide to the chief economic policy maker, explains: "All past shock plans tackled the effects of inflation such as prices rather than the causes." The new plan lays the main blame on the government domestic debt of $132bn, of which $36bn is short-term 28-day Treasury bills in the hands of the public and the rest held by the central bank.

Though larger than Brazil's foreign debt, the domestic debt is not unmanageable for an economy with a gross domestic product of $400bn. The problem is how it is financed – through issuing more short-term high interest rate bonds – and the narrowness of the monetary base of just 1 per cent of GDP. The current situation, where Treasury debt is being rolled over at the rate of one monetary base per week, is highly unstable.

The current idea is to separate the Treasury and the central bank, forcing the former to adjust in what Mr Hadba calls "an institutional shock".

Once independent and freed from bailing out the Treasury, the central bank could then preset monetary targets. To cut its operational deficit to zero the Treasury would then have to renegotiate debts such as $50bn owed by states and municipalities, $20bn owed to the electrical sector and an enormous dsbt to the social security and pension funds.

To raise funds to repay some of short-term debt, the ministry would accelerate privatisation, suspended since December, and sell off some big names such as Vale do Rio Doce, the world-class state mining company which it estimates could raise $8bn-$10bn.

Once the arch-enemy of privatisation, Mr Franco has apparently been won over, shocked by the inefficiency and privileges of the state sector which this year will cost the government some $19bn.

It is also hoped to lengthen the maturity of Treasury debt by offering a dollar or inflation-linked return with interest guaranteed by foreign reserves. The consequent reduction in government needs to raise money would enable a lowering of interest rates from the current real 20-30 per cent.

Prices would be kept under control through a strengthened anti-trust law. A government mission is currently in the US studying this.

The policy team estimates that this strategy will reduce inflation to an "acceptable level" of an annual 15-20 per cent within a year. "It is not an overnight solution," says Mr Hadba, "but for a country which has been in crisis for 10 years, it is not long."

The plan sounds plausible. But even its architects, appointed by the previous minister, do not know if they will still be in their jobs next week. And although the new minister has approved much of the plan, he must then persuade Mr Franco who has pledged that all measures must receive congressional approval – a Herculean task in a country with 18 political parties.

Although the threat of a return to the shock plan may have receded, nobody is ruling it out. With just 22 months left in office, Mr Franco says he wants quick results. He could easily change his mind again.

Indian stock market denies flouting rules

By Stefan Wagstyl and RC Murthy in Bombay

A ROW has erupted between the Bombay stock exchange, India's largest stock market, and the Securities and Exchange Board of India, the securities watchdog, over the board's recent first-ever inspection of stockbrokers' books.

The Sebi has accused stockbrokers of flouting the exchange's rules, including regulations on margin trading designed to limit the risk of members defaulting through excessive speculative investments.

It has also accused the exchange authorities of failing to enforce rules and of poor administration.

The stock exchange denied the allegations, saying they were "baseless, made out of context and blown out of proportion."

The argument will do nothing to restore investors' faith in the stock market where, as measured by the Bombay stock exchange's 30-share index, shares have fallen 48 per cent from their peak early last year, including a 320 points fall since the government's budget was announced two weeks ago.

Yesterday the index closed at 2330. Foreign investors, who are being wooed by India as a source of much-needed capital, will also be concerned at the latest allegations of poor management at the exchange.

In one of its most damaging passages, the inspectors' report alleges that D S Prabhoodas, a leading firm headed by Mr Hemendra Kothari, a former BSE president, and by Mr Jaswant Chotalal, a member of the BSE's governing body, avoided margin payments totalling Rs185.4m (£4.08m).

Mr Kothari said yesterday that most of the transactions covered by the report were off-exchange deals directly between financial institutions for which margin payments were not required. Mr M R Mayya, the BSE's executive director, said BSE rules permitted such bilateral off-exchange transactions.

Sebi also accused the exchange of mismanaging the administration of its building.

This week's argument is only the latest in a series of disputes which began almost as soon as Sebi started operations a year ago. It was established by Mr Manmohan Singh, the finance minister, as a crucial element in financial reform.

Brokers claim the Sebi is heavy-handed and fails to understand their needs. They say rules must be applied flexibly and many firms are extremely small and unable to carry the cost of extra regulations.

But the finance minister is backing Sebi to the hilt and singled it out for praise in his recent budget speech.

Finance ministry officials believe loose regulations allow brokers and others to dodge taxes and also contributed to last year's securities market scandal in which banks, including the UK's Standard Chartered Bank, lost a combined gross total of Rs40bn.

Wrangle over Hong Kong talks reaches climax

By Simon Holberton in Hong Kong

BRITAIN and China's month-long contest over the terms of Hong Kong talks reaches its climax today when Governor Chris Patten addresses the Legislative Council (LegCo), the colony's law-making body.

Late last night Mr Patten told China that he will today publish legislation, which provides for greater democracy in the colony, unless Beijing has agreed to negotiations without preconditions.

Mr Patten was prepared yesterday to announce publication of the bill, but two hours before he was due to do so China indicated a softening of its position sufficient for him to stay his hand another 24 hours. He cancelled a planned address to LegCo.

The the day's developments were mirrored in the performance of the Hong Kong stock market. The Hang Seng index, the market's indicator of the performance of blue chip stocks, fell by nearly 190 points when news of Mr Patten's decision to publish his bill swept the market. It recovered to end the day 116.62 lower at 6,371.84 when he postponed his appearance before LegCo.

The expectation in Hong Kong last night was that China would drop its outstanding demands and that Mr Patten would be able to announce talks today. Both sides were, however, engaged in brinkmanship of a high order.

Mr Patten has given himself maximum room to manoeuvre. He has ordered that the publication of the entire Hong Kong government gazette be delayed until he speaks to LegCo. If China has not committed itself to talks by then he is expected to gazette the bill.

Britain and Chine agreed nearly two weeks ago to the principles upon which their talks would be based. Since then, China has attempted to determine the membership of Britain's negotiating team and refused to set a date for talks.

On Tuesday, Mr Ma Yuzhen, China's ambassador in London, was called to the Foreign Office and told that Mr Patten would announce publication of his bill yesterday if Beijing had not dropped these conditions to talks. China replied early yesterday afternoon, indicating that talks could begin this month, although no precise date was indicated. It is also understood that Beijing was still arguing about the way in which Hong Kong government officials would be described in the communique the two sides were drafting.

Japan ponders shift in business ties

Charles Leadbeater on changing relationships brought about by the recession

THE WEB of long-term relationships upon which Japan's industrial success has been built may be starting to unravel.

Large companies offer lifetime employment to their full-time workers. They forge close relationships with a pyramid of loyal sub-contractors and depend upon the patient, intimate involvement of banks to fund their long-term investment plans. Corporate relationships are underpinned by cross shareholdings between companies.

These links are widely credited with creating a long-term outlook at Japanese companies which helps them to ride out sharp cyclical swings in economic activity.

However, the downturn which began last year is proving so severe that these relationships are being recast in ways which will change the character of the Japanese economy.

● Suppliers. Manufacturers are rethinking their relationships with sub-contractors as they cut costs to stave off a fourth year of declining profits. It is not simply that manufacturers are demanding steep cuts in component prices. They are rationalising and diversifying.

Most car manufacturers plan to cut the number of parts they use and the variety of models they make by between 30 and 40 per cent. Fewer parts will probably mean fewer suppliers.

Some of these suppliers will be highly privileged business partners.

According to the Ministry of International Trade and Industry (Miti), manufacturers are strengthening their ties to key sub-contractors which have high technology.

However competition is likely to intensify among suppliers of commodity items. Manufacturers are likely to change these suppliers more frequently, forcing sub-contractors to seek to supply a wider range of customers.

A recent Miti survey found the proportion of sub-contractors dealing with less than five customers is expected to fall from 70 per cent in 1987 to about 51 per cent within five years.

● Workers. The famed lifetime employment system, is starting to fray at the edges as companies cut personnel costs.

The terms of the lifetime employment contract are being amended. Workers over the age of 50 are increasingly likely to be encouraged to retire early, foregoing some of their peak earnings late in their careers.

● Banks. The 1980s wrought a fundamental change in the relationship between Japanese companies and their banks which could have important implications for their response to the downturn.

In 1931 only about 10 per cent of funds supplied to industry came from banks. In the three decades following the war, when Japanese industry was growing most rapidly, banks accounted for about 87.5 per cent of industrial investment.

In the 1980s manufacturers increasingly turned away from banking relationships to the capital markets for funds.

The Bank of Japan says large manufacturing companies used bonds and equity for about 52 per cent of the finance they raised in 1989, up from 27.5 per cent in 1980. Long-term bank borrowing fell from 13 to just 4 per cent. In the 1970s manufacturers accounted for about 50 per cent of bank lending. In 1990 it was 16 per cent.

Banking relationships became less stable. Between 1984 and 1989 a fifth of large Japanese companies changed their main bank for short-term borrowing, up from 5 per cent between 1980 and 1984.

The Bank of Japan concludes that weakening relationships significantly loosened the financial discipline of industrial companies. As a result, the companies invested so heavily in the late 1980s that most now carry heavy depreciation charges for past investment which has merely created overcapacity.

Although the Tokyo stock market is deeply depressed, with few issues of new equity, it is unlikely that old banking relationships will be reformed.

Corporate liquidity is being run down as profits head for their fourth consecutive year of decline next year.

● Cross-shareholdings. In their search to ease financial pressures, companies will have to consider breaking other relationships – traditional cross-shareholdings which cement the links between companies. Selling securities is one of the favourite methods companies use to boost their profits.

Companies hold shares in one another partly to cement business relationships. In the 1980s boom when the stock market soared they also had the incentive of large capital gains to encourage them.

Yet corporations can no longer rely on these shareholdings, according to Mr Jiro Ushio, chairman of Ushio, the lamp manufacturer and a leading member of the Association of Business Executives. As he puts it: "With share prices in a freeze, businesses can no longer count on stable shareholdings by friendly banks and business associates.

"Increasing shareholdings was not just a gesture of motual support but an economically sensible investment because companies wanted capital gains," he says. "The stock market depression jeopardises the cross shareholding practice."

Many of the main customs and practices of the Japanese economy, auch as lifetime employment and close relationships between banks and manufacturers, were created around the time of the second world war. Their character is not fixed in stone.

In the next few years the traditional long-term, stable, hierarchical relationships will probably be confined to a tighter-knit group of select banks, workers, sub-contractors and shareholdings.

For the rest, life will become more volatile, short-term, fluid and uncertain.

Two Japanese companies yesterday announced job cuts totalling 4,000 as the government prepared to release economic growth figures for the final quarter of last year which are expected to be the worst in nearly two decades, write Michiyo Nakamoto and Charles Leadbeater.

Kyocera, Japan's leading hioceramics manufacturer, plans to cut its workforce by about 1,000 to 13,000 within two years, while Sumitomo Metal Industries plans a rednction of 3,000 to 22,000 by 1996.

The companies' announcements come amid the worst deterioration in corporate profits since the oil shocks of 1975.

A survey of more than 22,000 companies released yesterday by the finance ministry found that average pre-tax profits fell by 39.4 per cent in the final quarter of last year, the 10th consecutive quarterly drop and the steepest fall since the first quarter of 1975.

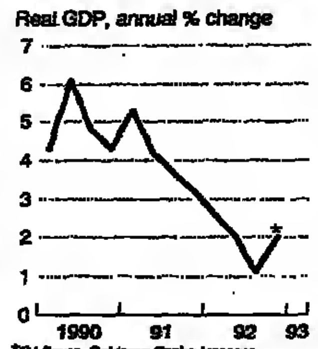
The figures for gross national product to be published today are widely expected to show that the Japanese economy contracted hy abont 1 per cent, the worst since 1974 when GNP fell 0.5 per ceot.

Meanwhile a survey of more than 4,000 employers by the labour ministry found that 39 per ceot had cut labour costs in the final mooths of last year. The most popular measures were cuts in overtime.

However the measures announced recently confirm than Japanese industry is embarked on a round of mnch deeper cost cutting to arrest the protracted decline in profitability.

Japan

Real GDP, annual % change



*Q4 figure, Goldman Sachs forecast
Source: Datastream

Pakistan expects $1.45bn package

By Alexander Nicoll, Asia Editor

PAKISTAN expects to obtain a financing package totalling $1.45bn (£1.02bn) following discussions with the International Monetary Fund, Mr Sartaj Aziz, finance minister, said in London yesterday.

He predicted agreement by June on a $1bn IMF facility, which would be accompanied by a $250m World Bank loan to support public sector reform, and $200m of co-financing from Japan.

A ceotral element would be Pakistan's plans to tackle the budget deficit, its most pressing economic problem. Mr Aziz has insisted that the deficit cannot be reduced quickly as this would curb economic growth unacceptably.

He expects the IMF to agree to a target of 5½ per cent of GDP for the fiscal year beginning July 1993. The outcome for this financial year is likely to be 7 per cent compared with a previous target of 5 per cent.

Pakistan faces large structural problems in reducing the deficit, with some 60 per cent of spending taken by defence and debt service, and more than 50 per cent of revenues coming from import tariffs.

Mr Aziz plans further gradual reductions in tariff rates as part of his programme to reform and open up the economy. Revenue will be made up by broader application of consumption taxes and more effective collection of direct taxes.

He admitted it was taking time for liberalisation to attract foreign investment in export-oriented industries. But there was encouraging expansion by well-established foreign companies and investment in small-scale industry by expatriate Pakistanis.

Attempts to Islamicise the financial system, which have contributed to foreigners' hesitancy, should be resolved this year hy the supreme court, Mr Aziz said. The government is seeking exceptions to a ban on interest payments so that inflation can be taken into account and to facilitate government borrowing and transactions with foreigners.

The IMF loan would be a three-year enhanced structural adjustment facility, Pakistan's first new IMF funding since 1988. The World Bank loan would support reform and a cut in the size of the public sector, already being reduced through rapid privatisation.

Inflation this year is expected to be around 10 per cent compared with an 8 per cent target, Mr Aziz said.

Suharto's deputy elected

GENERAL Try Sutrisno was elected vice-presideot of Indonesia yesterday by the People's Consultative Assembly, writes William Keeling in Jakarta .

General Sutrisno, wbo retired as head of the armed forces last month, was the only candidate, just as President Suharto had been a day earlier when elected for his sixth five-year term of office.

Tbe general now becomes the favourite candidate to succeed 71-year-old Mr Suharto.

Gen Sutrisno could provide a counter-balance to Mr Suharto. Diplomats eay relations between the two men cooled following a massacre by aoldiers in 1991 of civilians attending the funeral of a pro-separatist activist in the dispoted territory of East Timor. Gen Sntrisno vociferously defended the military'a actions.

34 killed in Cambodia

CAMBODIAN gunmen killed at least 34 Vietnamese settlers in an attack on a fishing village on Wednesday, the worst massacre since the main Cambodian factions signed a peace accord in 1991, the Uulted Nations announced yesterday, writes Victor Mallet in Bangkok

The extremist Khmer Rouge guerrilla group, which has campaigned vociferoosly against the presence of the Vietnamese in Cambodia, was immediately suspected of the killings at a lakeside village of houseboats, near Siem Reap, In Cambodia'e oorth west.

The massacre is another setback for the United Nations Transitional Authority in Cambodia's attempts to hold a general election in May. Even before the latest atrocity, its head, Mr Yasusbi Akashi, had said conditions were not yet suitable for an election.

West urged to intervene more in Iraq

By Andrew Gowers

WESTERN countries sbould consider stepping up tbeir intervention in Iraq by barring the Bagbdad regime from deploying heavy weaponry In the south of the country, a senior Iranian leader has suggested.

Dr Hassan Rowhani, secretary-general of the National Security Council, Iran's top foreign policy body, said the "no-fly zone" imposed by the US, Britain and France over southern Iraq would help protect the region's inhabitants from the forces of President Saddam Hussein only if supplemented by a ban on heavy weapons similar to that already Imposed in the Kurdish region to the north. He was apeaking to journalista on Wednesday night during a private visit to London.

Dr Rowbani's comments indicate that the Iranian leadership is closely monitoring western policy towards Iraq from the sidelines, in the hope that external pressure will eventually topple Mr Saddam's regime. He said the west had missed an opportunity to do so immediately after the 1991 Gulf war, when Shia Moslems In the south and Kurds In the north rose np against their ruler. Mr Saddam'e survival, he added, presented the west with "a difficult dilemma – and it has not decided what to do."

Dr Rowhani played down western fears that removing a strong central government In Baghdad could lead to Iraq's partition along ethnic and sectarian lines.

Instead, he said, negotiating a secure future for the people of Iraq was one of many regional issues on which the west shared common interests with Iran, if only countries such as the US and Britain could overcome differences with the Islamic republic.

Trading continues on the Sydney Futures Exchange two days before Australia's general election

Australia's jobless increase boosts opposition hopes

By Kevin Brown In Sydney

A RISE In the rate of unemployment yeeterday boosted the conservative opposition's hopes of victory In tomorrow's Australian federal election.

The independent government statistical service said seasonally adjusted unemployment rose to 11.1 per cent in February, after falling from 11.3 per cent to 11 per cent In January.

The conservative Liberal/National party coalition believes the unemployment figures will prompt a last-minute drift of support away from the Labor government, which has been in power for 10 years.

The opposition needs a uniform national swing of 0.9 per cent to capture the five government seats it needs to take power in the 147-seat House of Representatives.

The latest batch of opinion polls, taken before the release of the unemployment figures, put the two parties virtually equal following a steady rise in Labor support in the last week.

A boost for the governmeot came when Lahor was endorsed by the main environmental organisations, whicb reversed an impartial stance adopted earlier in the campaign.

Support from environmental organisations was crucial in the last election in 1990, when Labor won fewer first-choice votes than the coalition, but was elected after the distribution of preferences, the system under whicb second and subsequent prefereoce votes are counted if no candidate wins more than 50 per ceot of first choice votes.

However, tbe polls also sbowed significant variations around the country, indicating that the outcome is likely to depend on the results in about 20 marginal seats.

Mr Paul Keating, prime minister, tried to blunt the impact of the latest unemployment figures by painting an upbeat picture of the economy In his last big speech of the campaign at the National Press Club in Canberra.

Mr Keating said unemployment was "the one big negative fact of our national life", but claimed recent encouraging figures for retail sales and exporte showed economic growth was accelerating.

Most of his speech was taken up with further attacks on the opposition's proposal to implemeot a wide-ranging goods and services tax (GST).

Mr Paul Keating, the Australian prime minister, yesterday signalled that the Reserve Bank of Australia would be made more accountable for the conduct of monetary policy if Labor wins tomorrow's election, writes Kevin Brown in Sydney.

Answering questions at the National Press Club, Mr Keating said high unemployment had been exacerbated by the bank's reluctance to cut interest rates as quickly as the government had wished. Mr Keating said monetary policy was decided by "an appointed board that is not elected and has no reference to the way in which the economy operates."

UK presses Israel over Palestinian deportees

By Roger Matthewa, Middle East Editor

INTERNATIONAL efforts to find a formula which would allow a full resnmption of Middle East peace negotiations intensified yesterday ahead of Monday's meeting in Washington between President Bill Clinton and Mr Yitzhak Rabin, Israel's prime minister.

Britain again pressed Israel to find a solntion to the issue of Palestinian deportations which is the main obstacle to the four Arab delegations accepting the American invitation to resume negotiations on April 20.

Mr Douglas Hurd, the British foreign secretary, told Mr Yossi Beilin, Israel's depnty foreign minister, that progress had to be made on bringing home the nearly 400 Palestinians deported in December to southern Lebanon.

Britain also snpports tbe minimum Palestinian demand that Israel should commit itself not to engage In future mass deportations.

Mr Beilin said before meeting Mr Hurd that he did not consider this to be a "serious or tangibla demand, and therefore I do not think that we need to answer it".

He added that it was neither feasible, nor realistic, for Israel to vow that it would never resort to deportations again.

The present Labour government had raised the flag of territorial compromise, said Mr Beilin, unlike the previous Likud administration which had only wanted to annex the occupied territories.

The Palestinlans should recognise this and understand that there was no other option for them but to return to the negotiating table.

Whether Israel is willing to provide some assurance on the deportation issue may become clearer after Mr Rabin's meeting with Mr Clinton next week.

The US supported UN Security Council Resolntion 799 demanding the return of the deported Palestinians and subsequently pressured Israel into agreeing to take back 100 of the men immediately.

If Mr Rabin is to soften his stance fnrther lt would most likely be presented in the form of a goodwill gesture to the new US administration.

Syria, which has stressed its desire to get back to the negotiating table, worked on new ideas with Egypt yesterday for ending the impasse.

Mr Farouk al-Shara held talks with President Hosni Mnbarak ln Cairo and said afterwards that they had specific proposals for the return of the deportees and for preventing aimilar action in future.

British Gas

Last year Gallup questioned 8,000 people asking what they thought of 32 major British companies and organisations.

How competitive were they? How efficient?

Did they really care about their customers? And what about the environment?

There were 28 questions in all and Marks and Spencer, not surprisingly, came first.

Just ahead of us.

Overall we beat many companies known for their service, such as Tesco, British Airways, BP and Boots.

And jumped to 2nd place from 14th before privatisation.

Naturally it's very gratifying to know all the hard work we have put into improving our standards of service is paying off. But we won't let it make us complacent.

There's still that top slot to aim for.

If you'd like to know more about our continuing commitment to high quality service, call 0800 181 565 free of charge and we'll send you a free booklet.

Who's hot on the heels of Marks and Spencer?

Japanese say US chip deals cancelled

By Michiyo Nakamoto in Tokyo

JAPANESE semiconductor users have complained that US manufacturers have been cancelling supply contracts because of a shortage of semiconductors in the US.

Mr Yuji Tanahashi, vice-minister at the Ministry of International Trade and Industry, said that Japanese semiconductor users had protested to an industry body. If the complaint turned out to be true, Japan would ask the US to take action at the bilateral meeting in Hawaii next week to review results of their agreement on opening the Japanese market to foreign suppliers.

The US claims that the semiconductor agreement between the two countries calls for a foreign market share of 20 per cent, while the Japanese insist that the 20 per cent figure was just a US industry expectation and not a Japanese guarantee.

The slowdown in the Japanese economy means that the 20 per cent target is unlikely to be met. Japan has been working hard to meet US criticism by publicising its efforts to buy foreign semiconductors and clarifying why it thinks foreign market share has not risen as much as the US would like.

In an attempt to indicate the Japanese commitment to increasing foreign market share, Miti, for example, recently asked Japanese semiconductor users to make further efforts to buy from abroad even though the deadline for the 20 per cent target was the end of last year.

Republicans demand US dumping study

By Nency Dunna in Washington

TWO Republican members of the US International Trade Commission are demanding that the Democratic chairman start a controversial study of the US dumping and subsidy laws, requested by Mrs Carla Hills, former US Trade Representative.

The study was delayed for at least 90 days hy Mr Don Newquist, ITC chairman, who referred it to Mr Mickey Kantor, the new US Trade Representative. Mr Newquist said he would cancel the study if Mr Kantor asked him to do so.

The two Republicans – Commissioners Anne Brunsdale and Carol Crawford – stated jointly that Mr Newquest's "unilateral decision to withdraw the action reqnest [for the etudy] is heyond your power as chairman."

The ITC has six members – three Repuhlicans and three Democrats. The chairmanship, which alternates between the parties, is appointed for two years hy the US president.

The proposed study on the impact of dumping and subsidies, and on the laws which govern them, is very controversial, particularly in Congress where the "fair trade" laws are seen as the last defence against predatory dumping hy enbsidised producers.

But many exporters complain that they are being harmed, by the higher costs that result from the duties and by the dumping and countervailing duties laws of other nations, which is why Mrs Hills ordered the study before she left office in January.

Mrs Paula Stern, a former ITC chairman and adviser to President Bill Clinton, said studies such as these from an independent agency had been invaluable in the past.

"Different interests will try to influence the ontcome but an independent agency should be able to sort through the different voices on all sides and come through with a document that can be helpful," she said.

Mrs Brunsdale, a former ITC chairman, said in a statement of her own that withdrawal of a study from the Commission's agenda had always been hy consensus, in "an informal, collegial process." The chairman's explanation that he was concerned about the commitment of agency resources to the study was "both specious and irrelevant to the issue at hand," she said.

The resources involved are the ITC staff, which must be paid whether or not the investigation goes forward. "These investigations are mandatory," she said. "We do not have a choice of whether to devote resources to them."

Despite the commissionera' objections, the ITC chairman seems to be able to act unless a majority of the commission - four of the six members - tell him he cannot. But his action in stalling the study, even temporarily, has caused turmoil in the commission.

"Our agency has always prided itself on being non-partisan, ready to serve Republican and Democrat, President and Congress," said Ms Crawford. "We risk undermining our ability to serve the government, and violating our legal obligations, if we take it upon ourselves to decide which requests, from which Congresses or which administrations, we are going to honour."

Carla Hills: her legacy is making sparks fly in Washington

Five on Bangkok railway short list

By Victor Mallet in Bangkok

BANGKOK Transit System Corporation, which has a 30-year concession to build and run an $880m (£619.70m) elevated railway for Thailand's heavily congested capital city, yesterday short-listed five international consortiums and tovited them to hid for construction work and supply of the complete rail system.

BTSC, a subsidiary of the Tanayong property group, said it had rejected approaches from six more consortiums.

The five chosen applicants are expected to submit tenders for the whole project on a turnkey basis hy June 30.

Construction should start in the third quarter of this year.

Bidders will have to submit financing proposals as part of the tender.

"Based on discussions with intended hidders and export credit agencies, it would appear that supplier and export credits on favourahle terms, for up to 85 per cent of contract values, could be available," Salomon Brothers, one of BTSC's financial advisors, said in a statement.

BTSC said the five consortiums invited to bid for the project are:

Siemens and Christiani and Nielsen; GEC Alsthom, Italian-Thai Development and Bouygues; Mitsui, Sumitomo, GTM, Siam Syntech and Delta Engineering; Itochu, AEG Westinghouse, Sumitomo Construction, Nishimatsu and Maeda; and ABB Traction, Costain, Kier, Konoike and Thai Konoike.

Export credit proposals bogged down in Brussels

By David Dodwell, World Trade Editor

THERE is growing impatience among officials that controversial European Commission proposals to transfer short-term export credit ectivities from government agencies to private hands are still hogged down after four months of wrangling over which directorate should handle the issue.

After recent discussions between Mr Karel Van Miert, the new commissioner for competition policy, and his predecessor, Sir Leon Brittan, now external relations commissioner, it appears that officials would prefer the competition directorate (DG4) to take up the running.

But Mr Van Miert said yesterday that pressures to deal with issues like steel and coal had prevented him from "dealing with the dossier".

Plans to put short-term export credit insurance for marketahle riske into the hands of private insurers were begun hy the external affairs directorate (DG1) at the beginning of 1992. They arose following e two-year study on harmonising national export credit policies before creation of the single market.

Challenging deep-rooted national vested interests dedicated to ensuring maximum government support for exporters, they were likely to result in higher insurance premiums, and aroused reinsurance worries for insurers.

Matters became muddled in the middle of last year, when Sir Leon concluded that the activities of government agencies in providing commercial credit risk insurance left private sector competitors at an unfair disadvantage. As such, export credits were a matter for DG4 not DG1.

Officials In DG4 calculated that EC member states spend Ecu3.24bn (£2.7bn) every year supporting their exporters – about 10 per cent of state aid to industry. They said that all export aid "is contrary to the spirit of the single market, where exporters and export credit insurers are in competition with each other on an equal basis".

Sir Leon still feels strongly the issue should be handled hy DG4 as does Mr Van Miert, in spite of the fact that DG4 has very few staff with any knowledge of export finance, or of the two-year study leading up to proposals for reform.

Hungary pressed to devalue

By Nicholas Denton in Budapest

REPORTS that Hnngary's exports plummeted in the first two months of the year are fuelling pressure on the Budapest government for a devaluation of the currency.

The Hungarian international economic relations ministry conceded yesterday that, in January and February, there had been a considerable fall in deliveries from the levels reached a year earlier.

Officials denied press reports that the decline was as high as 40 per cent.

Even so, the latest reports are given some credihility by more solid figures ehowing that current account performance deteriorated sharply in the last quarter of 1992.

Such leading exporters as Tungsram, the General Electric lighting subsidiary which suffered a record Ft9hn (£72m) loss In 1992, are also pressing for exchange rate adjustment.

But the central bank moved yesterday to quash speculation about a devaluation. "Exports are weak hut to go from that to an exchange rate conclusion is a long way," said Mr Imre Tarafas, deputy president of the National Bank of Hungary.

The bank has consistently revalued the currency in real terms to maintain downward pressure on inflation since the country began its economic stabilisation programme.

Nissan in China truck venture

NISSAN Motor will form a joint venture with Zhengzhon Light Truck Factory of Henan province in central China to manufacture and market pick-up trucks in China, Nissan said, Reuter reports from Tokyo.

The new company, to be called Zhengzhou Nissan Automobile, will prodnce the Nissan pick-up truck (double cab type), which can be used as either a passenger or commercial vehicle.

Production should start in early 1994 at a rate of 5,000 units per year, rising to 30,000 units per year by 1997, Nissan said. The new company will also take over production of three-tonne trucks now produced hy Zhengzhou Light Truck Factory.

Zhengzhou Nissan will he capltalised at 250m ynan (£30m), with 35 per cent from Zhengzhon Light Truck Factory, 5 per cent from Nissan, 25 per cent from Industrial and Commercial Bank of China, 25 per cent from Thailand's Sammitra Motors Group and 10 per cent from China International Trust and Investment Corp, the statement said.

Parking prohlem Beijing-style. Chinese bicycle manufacturers are accused hy their European Community counterparts of dumping their products on EC markets

EC penalises bicycle imports

By Andrew Hill in Brussels

THE EUROPEAN Commission has taken action to protect Community bicycle-makers from "unfair" Chinese competition.

Chinese bicycle-makers – in terms of market penetration, probably the most successful vehicle manufacturers in the world – have allegedly been "dumping" bicycles on the EC market at unfairly low prices.

The Commission yesterday agreed to impose provisional anti-dumping duties on Chinese bicycles imported into the Community. The duties will he set at 34.4 per cent of the net price before customs clearance.

Manufacturers from France, Germany, the Netherlands, Spain and Britain complained in 1991 that they were not increasing sales in the growing Community market because Chinese imports were undercutting EC products hy an average of 44 per cent.

Between 1989 and 1991, annual EC bicycle purchases increased 32 per cent to 19.9m, but Community manufacturers' share of the Ecu3bn (£2.47bn) market dropped from 33 per cent to 27 per cent.

Meanwhile, imports of Chinese bicycles – from "sit-up-and-beg" tourers to racers and mountain bikes – more than tripled, from 693,600 to 2.1m. Chinese manufacturers' market share rose from 4.6 per cent to 10.5 per cent.

"The pressure from Chinese exportera on the price of bicycles sold in the Community has eroded EC industry's profitability and undermined its investments," said the Commission yesterday.

It has decided not to take any action against imports of hicycles from Taiwan, after a parallel inquiry discovered that the dumping margin was negligible.

Retail sales boost economic recovery hopes

By Peter Marsh and Emma Tucker

HOPES for an end to the recession were encouraged yesterday after the Confederation of British Industry said retailers last month saw strong sales growth for the second month running.

Confidence in the sector in February about economic prospects was at the highest point since last May, while more retailers are planning to increase investment than at any time for four years.

The CBI, the employers' organisation, said its monthly survey of business conditions across the distributive trades, which also takes in car dealers and wholesalers, provided grounds for "cautious optimism" about recovery.

Growing optimism among employers, however, was undermined yesterday by official figures showing that Britain's service sector produced the lowest surplus on its overseas trade for almost 11 years in the fourth quarter of last year.

The surplus on services was £594m, compared with £892m in the third quarter and £1.05bn in the same quarter a year earlier. The overall invisibles surplus, which includes government transfers, interest payments, profits, and dividends, as well as services, was revised up to £794m in the fourth quarter from an initial estimate of £600m.

This meant that last year's shortfall on the current account, which gives the UK's balance of trade in goods and invisibles, was £11.9bn compared with a shortfall of £6.38bn in 1991.

The figures from the Central Statistical Office show that the UK's surplus on invisibles remains on an upwards trend. This is mainly due to the improving balance on interest, profits and dividends resulting from lower UK interest rates and the devalued pound.

In the home market, meanwhile, the CBI said the sharp year-on-year increase in sales volumes in both January and February reflected heavy discounting among retailers, and also extremely weak demand at the beginning of 1992.

Last month the year-on-year increase in sales volumes in retailing, which accounts for about a quarter of the economy, was the highest recorded by the CBI since last April.

Motor traders saw sales strengthen last month compared with February last year, with the increase on an annual basis the highest since August 1988.

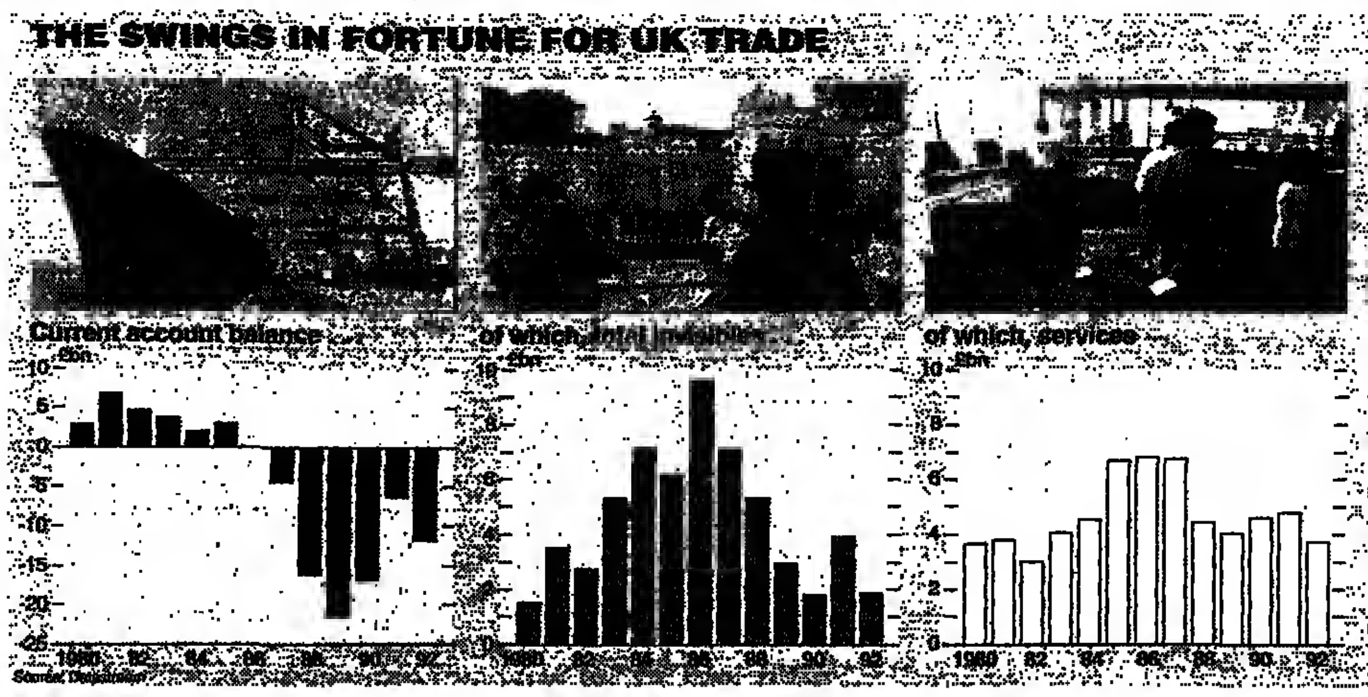
Mr Nigel Whittaker, chairman of the CBI's distributive trades panel, said: "I am pleased with progress in the retailing sector since Christmas but it is too early to say whether we are on a firm upward trend."

Mr Whittaker said the 15 per cent fall in sterling since last September had not so far shown up in higher prices at the retail level. Many shops and distributors had absorbed higher import costs in a bid to remain competitive.

The disappointing services sector figures in the fourth quarter was partly due to large outflows of insurance payments from the UK following Hurricane Andrew in the US. This effect was partially offset by a rise in UK earnings from royalties. The surplus on services for the year as a whole was £3.7bn, the lowest annual surplus since 1980.

Earnings by UK residents on portfolio investment overseas £3.27bn in the fourth quarter, the highest on record. The CSO said this reflected greater investment in bonds.

Direct investment in the UK by overseas residents last year was £10.9bn, the lowest since 1987.



Balance of payments for 1992

Seasonally adjusted (£m)	Q1	Q2	Q3	Q4
Visible trade balance	-3,000	-3,130	-3,287	-4,354
Invisible balance	93	-76	1,046	794
Services	1,047	1,197	892	594
Interest, profit and dividends	196	160	1,613	1,231
Transfers	-1,150	-1,433	-1,459	-1,031
Current balance	-2,907	-3,206	-2,241	-3,562

Ford drops plan for compulsory redundancies

By Robert Taylor, Labour Correspondent

FORD UK yesterday suspended its plan for compulsory redundancies for manual workers, saying a recent improvement in the British car market would enahle it to increase its planned production.

After talks with union leaders, Mr Bob Hill, Ford industrial relations director, said: "Five successive months of improvement in car sales was the key factor in our decision".

As a result of the "slight but still fragile" growth in the market, he said, Ford did not need to cut its 24,000 manual workforce hy 980, as originally called for last December, hut instead by only 685. Ford now predicts 4 per cent growth in the UK market this year to 1.65m new cars.

Voluntary redundancies, redeployment of workers and an increasa in production would enabla Ford to achieve the staff reduction needed without any compulsory redundancies, he said.

Mr Hill said that "maintaining a good relationship" with ita workforce was also an important reason for Ford's move. Bnt the company refused to concede the unions' demand to guarantee no compulsory redundancies in the future.

Ford also agreed that its leaked plan to contract out 3,300 service jobs to other companies was to be abandoned. Instead the company will condnct negotiations at plant level at tha most efficient way of carrying out tha work.

Mr Jimmy Airlie, chief negotiator for the Amalgamated Engineering and Elactrical Union, said Ford's change of mind was "a great victory for common sense". He claimed the company had backed down because of the "clear determination of tha workforce to resist compulsory redundancies".

He said the company's decision to drop the compulsory redundancy threat was also a "sign" Ford wanted "co-operation not confrontation. It is anxious to avoid any disruption to the launch of the new Mondeo this spring," he said.

The company's move came less than 24 hours after Mr Ian McAllister, Ford UK chairman and managing diractor, explained to the House of Commons employment committee why the company felt compelled to carry out compulsory redundancies. Ford said it had revised its daily production targets at its main plants from April 1.

These still mean a cut in the number of cars produced hut not as a great a ona as planned.

Heathrow express rail link set to go ahead

By Richard Tomkins, Transport Correspondent

STATE-OWNED British Rail and BAA, the private sector airports group, are about to announce a go-ahead for long-delayed plans to build a £300m express rail link between London's Paddington station and Heathrow airport.

Due to open in 1996, the line will cut existing journey times between central London and Heathrow from an hour or more to 16 minutes.

The one-way fare is likely to he abont £7 at today's prices.

BR and BAA have resolved their long-standing differences over the funding of the line and have signed an ontline agreement which now has to be ratified by the Treasury before an announcement can be made.

Approval is likely to be no more than a formality because the government is extremely keen to hold up a successful example of how public and private sectors can work together in financing transport infrastructure projects.

The go-ahaad will he particularly warmly welcomed by Mr John MacGregor, transport secretary, who needs some positive news to counter gloom over continuing delays to the Jnhilee Line extension and controversy over the privatisation of British Rail.

Under the plans agreed between BR and BAA, the Heathrow Express will run for three-quarters of the 16-mile journey on existing BR lines coming out of Paddington station. A private sector consortium led by BAA will huild and operate a spur taking the trains from BR's tracks to the airport.

Late last year the plans had appeared to be on the brink of collapse because of a bitter dispute between BR and BAA over how the line was to be financed. BAA said BR was demanding too much money for the use of its tracks, while BR said BAA was trying to skimp on its contribution to the project.

A compromise is understood to have emerged following a personal intervantion hy Mr MacGregor, who called a meeting with Sir Boh Reid, BR chairman, and Sir John Egan, BAA's chief executive.

Tories avert public rift over ratification of Maastricht

By Ivo Dawnay and David Owen

A WIDELY-EXPECTED confrontation between pro-Maastricht Conservative backbenchers and the Euro-sceptic faction was defused at the elevanth hour last night on the direct orders of Mr Richard Ryder, the chief whip – tha MP in charge of party discipline.

Instead, a crowded meeting of the 1922 committee – the group that embraces all Tory backbenchers – broke up after just five minutes when officers of the group relayed the call for a public display of peace.

But before the brief meeting closed, Sir Marcus Fox, 1922 chairman, sdmitted he had recelved a letter signed hy some 85 pro-Europeans. It cited past precedent to back the claim that the committee was originally formulated to ensure support for the government whip or party line.

The letter's aim is to renew pressure on some five Euro-sceptic committee members not to oppose the governmeot in crucial votes on the Maastricht bill.

In the event, pro-Maastricht MPs described themselves as satisfied that their point had been taken without a row. "Discreet action is more effective than open warfare," one said. However, helying the spirit of the truce, one leading Euro-sceptic countered that their opponents' failure to press home their attack represented another victory for the rebels.

Despite the public display of unity, there were few in the Commons yesterday who had any doubt that the trench warfare was continuing behind the scenes.

As government business managers attempted to raise the numbers needed to extend debate on the bill until after the normal closure of 10pm, the Euro-sceptics could he seen conferring openly with Labour opposition whips over whether such a move could be defeated.

The Liheral Democrats, meanwhile, were reported to he divided over tactics – split between those anxious to be seen to be aiding progress of the hill and otbers unkeen to help the government.

Earlier in the day, Mr John Major reiterated his determination to see the legislation through at the weekly meeting of the Cabinet.

At question-time, the prima minister attacked Mr Paddy Asbdown, Liberal Democrat leader, and a Tory hackbencher, for delaying the bill's progress.

However, Mr Douglas Hurd, foreign secretary, adopted what appears to be the government's official tone by offering a conciliatory speech on subsidiarity to a Commons' chamber dominated by Euro-sceptics.

Unofficial calculations suggest that, almost without question, the government is now reliant on support from minority parties to stava off defeat on Lahour's controversial social chapter amendment.

Power company seeks foreign fuel

By James Buxton

SCOTTISH Nuclear (SNL), the atate powar company, has approached overseas suppliers seeking cheaper nnclear fuel for its two advanced gas cooled reactor (AGR) stations.

Although British Nuclear Fuels is the only supplier of AGR fuel in the world, SNL is investigating the possibility of financing the setting up of AGR fuel production facilities at the overseas fual supply companies. It is understood to have made informal approaches to companies in the US, Japan and France.

In January 1992 BNF and SNL reached a set of agreements in principle on fuel supplies and on the reprocessing of spent fuel, covering the next 15 years. In a significant departure from established practice in the UK nuclear industry, it was agreed that SNL would begin to store its spent fuel instead of sending it for reprocessing to BNF's £5bn reprocessing plant at Sellafield, north west England.

SNL recently finished giving evidence to a planning anquiry into its application to build a dry store at Torness, Lothian, and will sooo apply to build one at Hunterston, Ayrshire.

SNL's decision to cnt tbe amount of fuel it sends for reprocessing was a serious blow to BNF, which has now completed Thorp but has not obtained government permission to start operating it.

SNL is now stepping up pressure on BNF as part of a drive to reduce its £400m annual operating costs by abont a quarter over the next three years. Its agreements in principle with BNF, which cover contracts worth about £2.7bn have not been signed. SNL's annual fuel hill from BNF is about £50m which it would like to cut by half.

Mr James Hann, chairman of SNL said: "We will buy the fuel in Britain if we can hnt if we cannot get it at a reasonable price we will go overseas."

Mr Rohin Jeffrey, chief executive, said that considerable interest in supplying SNL with AGR fuel was being shown hy overseas suppliers.

New powers planned to catch money launderers

By Jimmy Burns

THE government is planning to widen current laws governing money laundering as part of an attempted crackdown on IRA fund raising.

Under new proposals confirmed by the Home Office yesterday, it will he illegal to knowingly possess or use money which has come from terrorist sources. There will be a maximum penalty of 14 years in prison for anyone convicted of such an offence.

The proposals are expected to be incorporated before the summer into the Criminal Justice Bill, the main vehicle for legislation affecting the British legal system which is regularly amended hy parliament.

British security services believe that the IRA have over the last five years developed increasingly sophisticated techniques for raising funds to finance their operations.

In Belfast, government officials and the local police have claimed recent successes in stemming the tide of terrorist funding following raids on various organisations which were believed to be a source of finance for the IRA.

However, police and the intelligence services have been seeking new laws to help them track more subtle forms of terrorist-based financial transactions which may involve the use of front companies.

Controversy comes to a head over frothy beer

By Philip Rawstorne

A CONTROVERSY over a pint of English beer is coming to a head.

Section 43 of the Weights and Measures Act, due to be implemented in April next year, requires a pint to bs entirely liquid – and no froth.

Yet virtually nobody outside the government's offices in Whitehall appears to want the new regulation. Drinkers in the north of England expect their glass of beer to be dispensed with a creamy head.

Southern beer buffs, though they prefer fewer bubbles and often enjoy their beer with hardly any head at all, are hardly clamouring for change. There were only 23 formal complaints about short measure throughout the country in 1991 – one for every 256m pints served across the bars.

The Campaign for Real Ale, the influential action group which helped save traditional local beers in the 1970s, thinks that better training for bar staff and a hit of common sense would ensure that customers were satisfied and less beer was spilled on the saloon-bar carpet.

The Brewers Society says that the change in rules would be costly. It would mean ending the use of brim measure glasses and the re-equipment of every bar with line-measure glasses at a cost of £19m.

Or it would mean changing the bar pumps for a metered dispense system. If only 10 per cent of bars were converted that wnuld cost £13.5m, it estimates.

Either way, the customsr would end up paying at least 6p more for a pint, says the society.

It is urging the Department of Trade and industry to reconsider its policy under the prime minister's deregulation initiative, which called for a review of rules that impose costs on industry out of all proportion to the problems they are meant to solve.

"Here is the first practical test," says Mr Rohin Simpson, the former DTI civil servant who is now director of the society.

"Will governmant dspartments act like Sir Humphrey [a TV character who epitomises government bureaucracy] – or will they take it seriously and champion common sense and the pub drinker's pocket?"

Britain in brief

Troops to be recalled from Adriatic

Britain has decided to pull back to the UK a contingent of about 300 army personnel which has been with the navy task force in the Adriatic since January.

The MoD, however, said the soldiers, sent out as standby reinforcements for British troops serving with the UN in Bosnia, would be ready to return at short notice.

Their equipment, including six 105mm light artillery guns and locating radars, will remain aboard the auxiliary vessel Argus in the Adriatic. Announcing the move, the MoD said it did not mean a reduction in the UK's commitment to Bosnia.

Delay denied on market-testing

Mr William Waldegrave, public services minister, said EC legislation protecting the rights of employees in mergers will not delay the market-testing programme to put almost £1.5bn of government work out to tender.

He was responding to widespread confusion over whether work contracted-out to the private sector is covered by the Transfer of Undertakings (Protection of Employment) regulations 1981 – known as Tupe – which implement European Community legislation in UK law.

If the regulations apply, a successful bidder must take over the existing staff at their current terms and conditions, which removes the scope for savings through lower pay or cutting staff. Mr Waldegrave, however, said the validity of the regulations had to be decided on each particular case.

Audit office criticises Oftel

Failure by Oftel, the telecommunications regulator and watchdog, to establish fair terms for operators connected or who wish to connect to British Telecom's network is hampering competition in the telecommunications market, according to the National Audit Office.

The NAO's first report on Oftel says Mercury Communications, BT's main competitor, and new entrants to the market, such as the cable television companies, have complained that BT's interconnection charges, which are determined by Oftel, are too high.

Kellogg faces new complaint

United Norwest Co-operatives has become the second retailer to report Kellogg, the breakfast cereal giant, to the Office of Fair Trading for cutting off its corn flake supplies. The move follows a similar complaint to the OFT last week from Shoprite, the Isle of Man-based discount retailer which has 40 stores in Scotland.

Mr Nigel Griffiths, Labour's consumer affairs spokesman, has asked Mr Michael Heseltine, trade and industry secretary, asking him to investigate the Shoprite/Kellogg dispute.

Housing jobs to be lost

More than 700 maintenance staff with the Northern Ireland Housing Executive are to lose their jobs. The executive's direct labour organisation is to close because of its failure to win sufficient work through competitive tendering. Around 550 permanent and 180 temporary workers will be affected.

Protest at EC toy regulation

Charities are losing millions of pounds a year because of EC rules that ban them from selling second-hand toys through their shops, according to the Spastics Society.

The charity said it was losing £12,000 a week – £624,000 a year – because of the regulations that were introduced in 1990. These prohibit the sale of second-hand toys – once a mainstay for charity shops – without an independent assessment that the toys meet EC safety standards.

Court ruling on shorthand

Lord Mackay, the Lord Chancellor, acted unfairly in the competitive tendering exercise which led to contracts being awarded for shorthand writing services in a group of courts in England, the High Court has ruled. Lord Justice Rose and Mr Justice Waller expressed sympathy for the victims but said they had no jurisdiction to declare what had happened unlawful.

Videophone to go on sale

Britain's first home videophone, allowing callers to see as well as hear each other, is to go oo sale oext week. British Telecommunications said the device was as simple to use as a normal phone. It has a fold-down screen incorporating a tiny camera that transmits images of the caller to the receiver and vice-versa.

Out of town but much in mind

Approval of a new shopping centre for Manchester has refueled an old debate, writes Vanessa Houlder

One of the fiercest planning debates of the past decade was rekindled last week when the government gave the go-ahead for Manchester's Trafford Centre, one of the largest out-of-town shopping centres in the UK.

Its supporters, in one corner, were the developers who claimed the £200m scheme would bolster Manchester's regeneration and its attempt to attract the Olympic games, the retailers who argued it would be a magnet for shoppers throughout the north-west and the politicians who believed it would generate 3,000 construction jobs and 6,000 permanent jobs thereafter.

In the other corner were its critics: the property owners, retailers and local councillors who claimed that 1m sq ft of new shops on the outskirts of Manchester would further damage business in the city. "Our fear is that a development of this size will have a profound effect on the town centre," said Mr John Ellison, a director of MEPC, the UK's second largest property company.

Mr David Kaiserman, senior assistant city planning officer for Manchester City Council, said: "We see development of this type making it even more difficult to achieve regeneration in the inner parts of the city." Mr Kaiserman is spokesman for a consortium of local authorities and property developers that opposed the secretary of state's decision last week and are considering whether to mount a High Court challenge.

Even the developers, the Manchester Ship Canal Company, accepted that the arguments, which have raged for seven years, were not cut-and-dried.

"It was a knife-edge decision between planning considerations and economic benefits," said Mr Robert Hough, the company's chairman. "Perversely, the economic position may have helped; the government may have seen it as creating 6,000 jobs at no public cost," he added.

The schemes' critics accuse the government of changing its stance on out-of-town retailing. "We are surprised because the government's stated policy is to protect existing shopping centres," says Mr Ellison. This belief stems chiefly from draft planning guidelines issued last October, which appeared to emphasise the need to revitalise town centres, rather than promote large out-of-town stores.

The guidelines talked about promoting the vitality and viability of town centres and stressed the virtue of town centres in keeping private car use to a minimum, reducing emissions of carbon dioxide.

They said that regional out-of-town shopping centres "would not normally be appropriate" if they would seriously jeopardise investment in nearby town centres or unless there was likely to be a significant growth in population or retail spending.

In the event, the government's decision on the Trafford Centre did little more than mention these draft guidelines. "While accepting that policy guidance relating to town centres and retail development is still evolving, the secretary of state does not consider that this means the proposals before him should be refused on grounds of prematurity," said the DoE's letter explaining the decision.

In any case, the question of whether the Trafford Centre is likely to jeopardise investment in town centres is hotly contested. An inquiry into the Trafford Centre in 1988 found that it would not cause "unacceptable harm to the regeneration of the conurbation or to the vitality and viability of any existing town centre". But some retailers in the town centre have never accepted this, believing that the more affluent shoppers will desert central Manchester and its satellite towns.

Previous studies have focused on the "Big Four" shopping centres – Tyneside's MetroCentre, the UK's first out-of-town shopping centre, opened in 1986, Meadowhall near Sheffield, Merry Hill in the West Midlands and Lakeside in Essex.

Research published a year ago by the Oxford Institute of Retail Management, commissioned by the Department of the Environment, found out-of-town sites were adding to the plight of many town centres. But the general growth in retail sales in the late 1980s softened the impact. The harsher economic climate, and the gradual expiry of leases in town centres may further encourage the retailers' desertion of the high street.

The Trafford Centre may turn out to be the last regional shopping centre to be granted planning consent. With the exception of the south-west of England, most of the country is now within reach of a regional centre. But the arguments about the regional centres also apply to other types of out-of-town stores, particularly supermarkets.

There is a fear that the growth of out-of-town food stores is hastening the demise of local shops. The number of grocery shops has fallen in the last three decades from more than 100,000 to 40,000, and the recession has continued to throw up casualties.

This pressure is mounting as the large supermarket groups target smaller towns. Chesterton, the surveying firm, recently reported that the proportion of large new food stores located in small towns has increased from less than 10 per cent in 1980 to about 25 per cent today.

At the same time, supermarket groups have been fiercely attacked for building on greenfield sites and recreational land. This issue came to a head last year, when protestors fought the development by Tesco of a superstore on a former school playing field at Golden Hill in north-west Bristol. The protest attracted extensive publicity as residents staged vigils in trees to try to stop them being cut down.

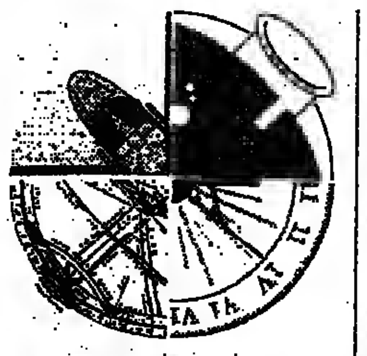
One result was the formation of a pressure group, the National Sensitive Sites Alliance, to fight supermarket developments on greenfield sites. Earlier this year, a group of MPs tabled a motion calling for a moratorium on such greenfield developments.

The supermarkets say that only a handful of their developments are on greenfield sites, and that, recently, several chains have opened new high street stores.

For all that, the attitude of retailers, consumers and investors suggests that the increasing emphasis on out-of-town stores will not be relinquished lightly.

Creator of jobs or destroyer of local business: an artist's impression of the Trafford Centre to be built on the outskirts of Manchester

Worth Watching · Della Bradshaw



Brushing away gum disease

Suffers from periodontal (gum) disease, which afflicts nearly 80 per cent of Americans, may some day have a novel way to relieve their symptoms, writes Karen Zagor.

Sepracor, a Massachusetts biotechnology company, has received a patent covering toothpaste and mouthwash formulations of two drugs which reduce inflammation and bone loss.

The two substances, S-ketoprofen and S-flurbiprofen, both of which are single isomer non-steroidal anti-inflammatory drugs, are already on the market as analgesics in "racemic" form – a mixture of two mirror-image chemical molecules.

Sepracor believes that its single isomer technology will create drugs which are purer and should also be cheaper to manufacture. Sepracor: US, 508 4816700.

DIY at the supermarket

Do-it-yourself checkout desks are the latest US supermarket development set to move into Europe.

Developed by Uniquest, of Jacksonville, Florida, the supermarket conveyor belts are covered by a perspex tunnel. Underneath, scanning equipment reads the barcode on each item while an in-built weighing system checks the weight of the product. Lasers check the shape of the item to verify its identity.

Any discrepancy and the belt reverses direction, sending the shopping backwards.

Advanced Cybernetics International (ACI), which will sell the system in the UK, says that only one employee is needed to take the money from customers using three conveyor belts. Uniquest: US, 800 488 9773. ACI: UK, 021 643 4344.

Computers on a learning curve

Computers cannot think for themselves but they can learn, writes Andrew Fisher. They can be trained to recognise patterns in data and act accordingly.

Britain's Department of Trade and Industry is spending £6m on a programme to raise the profile of neural computing among UK companies. The money will finance an awareness programme managed by Touche Ross and support six user clubs which will demonstrate applications such as financial forecasting and industrial plant monitoring. DTI: UK, 071 353 1086.

A second skin for astronauts

The skin-tight synthetic laminates worn by today's athletes could point the way to space suits which fit like a second skin.

Researchers at United Technologies Corporation, of Hartford, Connecticut, are devising materials to make much lighter clothing for astronauts.

Membrane films are available which separate gases, necessary to remove carbon dioxide.

By the next century fabrics could be made from a genetically-engineered protein which would contract like muscle and apply constant, life-protecting pressure on the body. United Technologies: US, 203 728 7000.

Guarding against radio waves

A gadget designed to allay the health fears surrounding the use of cellular phones has hit the US market, writes Karen Zagor.

Cell Gard, a curved piece of aluminium the shape of a mini ski, deflects the waves away from the head. The guard fits on the top of the phone and curves towards the antenna.

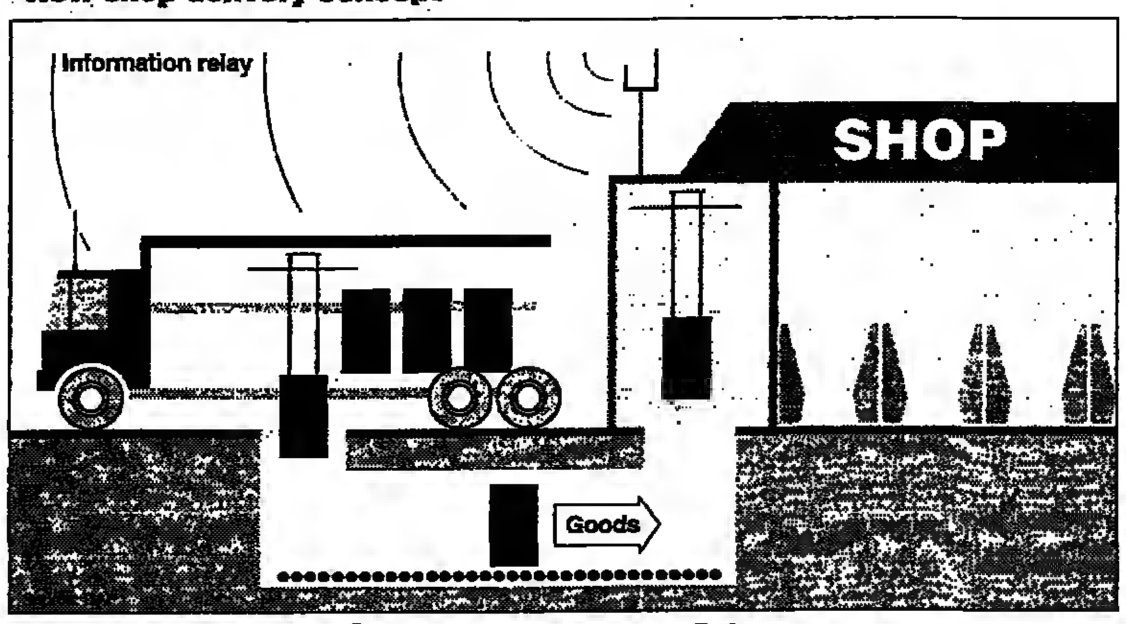
According to JR Hunt Ventures, of Cocoa, Florida, the device blocks nearly 100 per cent of the phone's signal from the user's head.

It is designed to fit about 75 per cent of US cellular telephones. JR Hunt Ventures: US, 407 636 9789.

A freer flow of goods

John Griffiths describes how trucks of the future could transform freight delivery on Europe's congested roads

New shop delivery concept



Some shoppers travel across town in search of a favourite food item, but this is nothing compared with the distances the goods hava to travel to reach the shelves. It is estimated the contents of the average weekend shopper's supermarket trolley have already covered 4,000km by truck or van.

With freight volumes set to soar on Europe's already congested roads – the EC forecasts that the volume of freight on EC roads will reach 16.5bn tonnes by 2010, nearly double the 1989 level – truck makers are pushing for heavier trucks to be allowed on long-distance routes.

They argue that a rise to vehicles of 48 tonnes or more from the 40 tonnes permitted at present would mean fewer journeys and thus a smaller number of trucks.

Manufacturers have made considerable progress in increasing vehicles' carrying capacity through new designs and the use of lighter materials. But tha problem goes beyond advances in truck design and raises questions about the way in which freight transport is organised on Europe's increasingly congested roads. For coming decades, some far-sighted executives argue that new types of truck must be developed to cut down on congestion and exhaust emissions.

Prominent among tbem ia Cor Baan, wbosa main energies in recent weeks have been devoted to helping stave off financial collapse, since he is chairman of Daf trucks. He also heads the new Daf company created with Dutch and Belgian backing.

Baan has been thinking along lines whicb lead a long way from Daf's present troubles. In his view, the trucks of the future would hava hybrid diesel-electric engines and all-wheel steering.

They would be quiet and flexible enough to deliver standardised "modules" of all types of goods to city stores and other urban businesses through the nigbt, using automated reception and storage systems which would require no manning. These would complement larger trucks transporting goods across the EC.

Urban goods movement is the area wbere the biggest problems occur due to congestion, smog and excessive noise, stresses Baan, who gave his views at a recent commercial vehicle symposium organised in Brussels by FEBIAC, Belgium's motor industry trade association.

"With road transport organised as it is at present, can yon imagine a further growth of tens of per cent in transport volumes in and around cities such as Paris, Frankfurt or London," he asks.

In the small Dutch city of Maastricbt, for example, with 116,000 inhabitants, some 5,200 consignments are delivered daily, of which more than 70 per cent take up less than one cubic metre. About 3,800 journeys are made, totalling 38,000km. Baan contends that as companies continue to cut the volume of stocks, deliveries will increase as consignments become smaller, requiring a "totally new" approach to distribution. However, while urban centres cannot cope properly with this volume during the day, their streets are largely empty at night.

Using this slack time could not only greatly increase distribntion efficiency, but reduce vehicle exhaust emission problems. Emissions of pollutants like oxides of nitrogen are 65 per cent less in free-flowing traffic than wben the roads are congested.

In Baan'a vision of a distribution system of the future, goods would be brought together at distribntion centres on tha outskirts of cities and packaged into consignments for individual recipients, thus eliminating many duplicated journeys. Intrinsic to tbe concept is a goods "module" which would have to conform to an EC-wide specification on durability, easy handling and dimensions.

Dutch universities have already researched auch a module, based on two International Standards Organisation pallets. Their use would open the way to a new type of standardised goods reception aystem in shops or shopping centres. These would not require overnight manning. Roller-tracked chutes would accept new containers and return old ones, with "paper work" carried ont electronically between truck and shop computer.

It is the clear unacceptability of noise in such an operation which has prompted the suggestion of diesel-electric hybrid trucks, capable of using battery-only operation in town. Apart from being near-silent, such trucks would have to be highly manoeuvrable, hence tbe idea for all-wbeel steering. The loading/unloading aystem would also have to be capabla of operating vertically and horizontally.

Desplte the concept's radical nature, Baan believes it is fully realisable in the 21st century. "It may look very futuristic but in fact all the techniques used in it are already available."

Until sncb ideas are translated into practice, however, manufacturers' efforts will continue to be concentrated on maximising tha carrying capacity of trucks. These have led to vehicles with very low chassis, and even low-profile tyres, to raise carrying space within overall EC length and height restrictions.

But this only increases the volume of goods which can be carried. So manufacturers have ahown equal adroitness in reducing unladen vehicle weight – thus increasing the weight of goods which can be carried per vehicle – through the use of lighter materials and more efficient design.

Leif Ostling, general manager of Scania, the Swedish group, says the unladen weight of one of its heavy trucks has been cut from 10 tonnes to nine tonnes over the past two decades and that scope still exists to save weigbt. Yet while today's vehicles undonbtedly can and will be improved, it is innovations like that proposed by Baan that will be closely studied for solutions to future traffic problems.

Phone gets a look-in

Smile warmly, adopt a regal pose and lash on the lipstick. This is the somewhat tongue-in-cheek advice given hy BT to purchasers of its latest piece of consumer wizardry, the videopbone.

The Relate 2000 videophone, with a three-inch colour screen, sends pictures across ordinary telephone lines. Calls are charged at the usual rate.

The disadvantages are that the picture becomes distinctly blurry as tbe caller moves around and the voice is delayed, as with some calls sent via satellite.

Tbese drawbacks are caused hecanae of tbe compression needed to send all the information in a colour picture along a telephone line. A television picture is transmitted at 140m bits of information per second, whereas the videophone sends just 14,400 bits – one ten thousandth of the television picture.

A furtber drawback is that there is no international standard for videophones that work on the ordinary network, so not all can communicate.

Two competing technologies have emerged, the GEC Marconi one, known as M-VTS, and one from AT&T in the US. M-VTS has been adopted by the telepbone companies in Singapore and Hong Kong as well as by BT. In Japan the trading company Mitsui is selling the GEC Marconi phone. And in the US, MCI has also teamed up with GEC Marconi in competition witb AT&T, which launched its videophone last year.

BT is targeting its videophone squarely at the consumer. It will be sold through its shops and the Dixons group from April, although first sales will be at next week's Ideal Home Exhibition in London.

The low price of the new videophone – £399 for a single unit and £749 for two – has caused some consternation. Consumer marketing specialist Amstrad had planned to launch a videophone, similarly made by GEC Marconi, bnt has been forced to delay plans while it rethinks manufacturing costs.

Della Bradshaw

MANAGEMENT

Christopher Lorenz looks at a company which has defied City scepticism over its R&D spending

The secret of T&N

British manufacturing is crippled by short-termism. With rare exceptions such as once-glamorous Glaxo, companies cannot invest and innovate their way to greater international competitiveness because financial institutions and the stock market are interested only in the level of short-term profits and dividends.

That, in a wizened but remarkably resilient nutshell, is the complaint which for a good 20 years has been buried at the City of London by industrialists and their supporters. At first they alleged capital investment was being cramped. Then, when they discovered that it was easier to raise external finance for major "capex" projects than they thought, their concern shifted to research and development.

Since 1990 their case on R&D has won growing support within Whitehall, and last summer even obliquely from the Bank of England.

So how on earth has T&N, which was virtually bankrupt a decade ago because of its previous dependence on asbestos, been able to use a steadily rising R&D outlay of Japanese and German proportions to power it almost to the top of the world league in the increasingly competitive market for automotive components?

Since 1988 its annual R&D expenditure has doubled from £17m to £34m. In some of its businesses, R&D spending as a percentage of sales is now about 8 per cent.

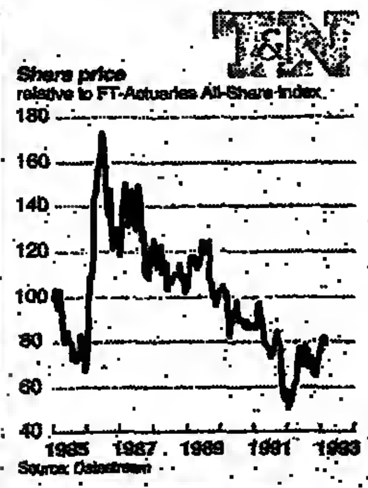
Rephrased in stock market language, why have almost all of T&N's institutional shareholders remained patient for so long? Why is the same true for some City analysts – although others remain sceptical? The company has not only called on the market repeatedly for more capital, but its profits were hit so hard by the recession they slid sharply from 1988 to 1991, before being wrenched up again by management action last year.

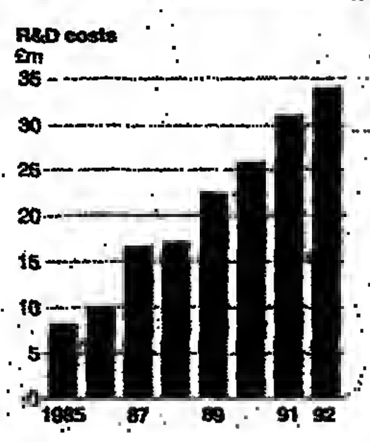
Yet somehow T&N has got away with all this: its relatively poor share price performance from 1987 until recently was caused more by scares over asbestos claims, and worries about the motor industry as a whole, than by its outlook – although there have also been recurrent brokers' scares about the dividend.

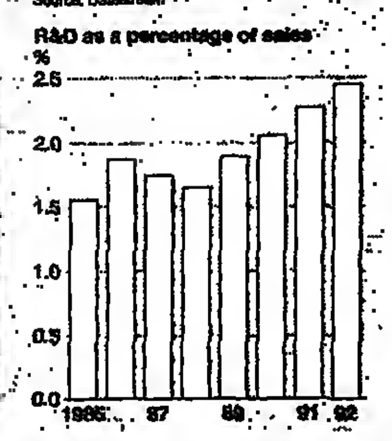
So what is its secret? The explanation is not simply the cynical one that T&N has maintained its payout for three years running.

There are at least six deeper factors. The first is the belief, of Colin Hope, T&N's chairman and chief executive, that "although there is some short-termism in the City, most of it is self-made by company managers who want macho profit increases".

Colin Hope, chairman







His partial exoneration of the City is linked with point two: that T&N has spent untold time and trouble over the years educating analysts and financial institutions that its strategy is sensible. "We've tried to build an awareness that our products and services are the things that will pull the company forward – they'll provide more added value, and be better for investors," says Hope.

Echoing what be bas told investors repeatedly, he stresses that "product development is a fundamental part of the marketing process. You can't turn it on and off – it has to be continuous". When, as with T&N, almost all the competition is American, German or Japanese, "you certainly don't chicken out when you're overhauling your rivals in the marketplace".

The company has certainly been doing that. During the past decade it has climbed from fifth to close second in the global league of independent makers of pistons, and from third to first in bearings. It has also managed to hold its third position in the even more difficult market for "friction products" (brake linings).

Third, Hope and board colleagues such as Bill Everitt, head of the friction products and engineering division, ram home constantly the message that since T&N's products are almost all designed in response to the demands of specific customer companies – from Ford to BMW, Nissan to Opel – its R&D spend really is "market-driven".

Fourth, only about 5 per cent of T&N's so-called R&D is really research. Though some of its development projects can easily take five years from inception to generate a return, "you can tell in two or three years whether the money is being well-spent and will produce a benefit", says Rob Golding, motor industry analyst at Warburg Securities.

Fifth, T&N has convinced investors it is as concerned with the productivity of R&D as with its quantity. This contrasts strongly, Hope points out, with the grossly inflated R&D spend of Goetze, the German piston rings company which T&N is acquiring. "Ratios of R&D-to-sales can be misleading: for half Goetze's spend, we could get a lot more effectiveness," Hope claims.

Sixth, this is by no means the only sense in which the company is now conveying successfully the message that, in the chairman's words, "we're almost paranoiac about costs". T&N has developed a deserved reputation for being just as tough a short-term operator as it is a long-term player.

Since the onset of the recession, its squeeze on operating costs has become vicious. Having cut 6,300 jobs since 1990, Hope now says that "we need to reduce our labour force [of 38,000] for a constant value of output by an annual 5 per cent over the next three years". Not only that, but "there's an enormous amount of money still to come out of the saving of scrap in production".

"T&N does a good job as a turnaround specialist," confirms Golding. In common with other analysts, after several years of scepticism he is "reasonably convinced the Hope story is a good one".

So be should be, for several strategic reasons. The short term will be tough, but the world's main automotive assemblers are moving sharply towards sub-contracting the design and manufacture of many more components, though to fewer suppliers. This will benefit T&N. So will the tightening of fuel, emission and performance requirements, which are stimulating demand for higher-performance components.

So will the devaluation of sterling. But for T&N's ability to exploit these trends, its shareholders must thank, above all, its long-term commitment to technology.

A further article will examine how T&N manages technology.

Paying the price for a decade of excess

Executive salaries are being frozen and companies are waiving bonus schemes, writes **Lucy Kellaway**

Shareholders are becoming mutinous; employees resentful; John Major has issued a warning and the press is ready to pounce. Britain's bosses are under pressure from all sides to restrain, freeze or even cut their pay. The economy is in the worst recession since the 1930s, wages are rising at the lowest rate for decades and nearly every day brings news of thousands of job losses.

Slowly the message is getting through to the boardroom, where a decade of excess seems to be drawing to a close. According to the latest estimates from Hay management consultants, directors are increasing their total pay at the rate of about 8 per cent, compared with about 13 per cent last summer. "The turn has come, the rates of increase are falling, and are going to come down perhaps to 5 or 6 per cent by July," says Anthony Williams, director of executive remuneration at Hay.

Yet many argue directors are still paying themselves too much. On Hay's numbers board directors are getting increases twice as large as middle managers and professionals, and more than three times as much as employees generally.

Howard Davies, director general of the CBI, this week complained: "The recent record on senior management pay is not easy to defend". He pointed out the reasons trotted out for big increases in top pay – closing the gap with better paid European counterparts and adjusting to the fall in marginal tax rates – no longer applied. "Much-needed adjustment has now taken place," he said, warning any future rises would be taken in bad spirit.

As the annual reports for 1992 start to appear, more scrutiny than usual will be given to the section on directors remuneration. The first storm can be expected tomorrow with the publication of BP's accounts. Robert Horton, the ex-chairman who was ousted last year after falling out with the company's non-executive directors, is expected to receive £1m to £1.5m for his pains.

Such a large sum is bound to increase the pressure for an overhaul to the present system which appears to give particularly large rewards for failure. Directors are entitled to full compensation for pay and benefits for their contract period (three years in Horton's case) adjusted for the speed with which they are likely to find a job on similar pay. When the company is large and the fall from grace public, that may be a long time – and the pay-off will be accordingly great.

The question of severance pay is a special issue; when it comes to pay rises for directors that remain at their posts, companies are realising they cannot afford another public storm. British Gas, which

Horton: expected to get up to £1.5m

staged a public relations disaster last year when it announced an 18 per cent pay rise for its chairman Robert Evans, is hoping to earn brownie points this time around. The chairman's pay is likely to fall by 20 per cent, as the bonus, which accounted for last year's rise, will fall away. The pay of other directors will be frozen.

British Gas will not be alone in waiving its bonus this year. Most large companies' bonus schemes are tied to corporate profitability – usually to growth in earnings per share – so that last year's poor corporate performance in some sectors will be reflected in this year's pay awards. According to Monks Partnership, a top pay consultancy, some 80 per cent of main board directors are eligible for bonuses, but of these some 40 per cent will not be getting anything this year. Of those that do get bonuses the amounts will vary from a few percentage points to over 50 per cent of total salary.

Meanwhile, other companies are taking steps to tie total reward more closely to performance. Grand Met recently announced it was redesigning its share options so that directors could only exercise them if the share price outperformed the FT-SE100 for more than three years. This was in response to the concern of shareholders that share options can provide windfall rewards for any rise in the share price.

A more marked change this year will come less in the absolute levels of pay than in the presentation of directors' pay in the report and accounts. Under the Companies Act only the combined pay and bonus of the chairman and highest paid director need be disclosed.

The Cadbury Committee on corporate governance has recommended that after June companies should offer more information. The report advises companies to split out the performance element in total directors' pay and do the same for the pay of chairman and highest-paid director. Companies are also expected to explain the basis of any incentive scheme and offer information on the make-up of the remuneration committee.

According to Monks Partnership, only 16 per cent of the FT-SE100 companies met these recommendations with their last annual reports. Although Cadbury's recommendations are not binding, most big companies are likely to fall into line this year.

Whether the modest increases in disclosure will effect pay awards is a moot point. According to Steve Totton of Incomes Data Services it can be argued either way. Perhaps companies have only been able to get away with paying such large sums because they have not revealed precisely what they were doing. Or, if they explained themselves more fully, everyone would understand why the rises were so large and the heat would be taken out of the issue.

PEOPLE

Priestley: 'investment in his life-blood'

One by one the familiar faces at Henderson Administration, one of the City's best-connected fund managers, are bowing out. Hugh Priestley, 50, the longest-serving member of Henderson's top team, is joining Laurence Keen, an old-established private client fund manager.

Priestley started as a young reporter on The Times, and joined Henderson in 1966 when it was still best known for "administering" the private fortunes of the descendants of Alexander Henderson, the first *Lord Faringdon. The firm* was not floated on the stock market until 1983 and its biggest shareholder is the Witan Investment Company *formed in 1909* to handle the Henderson family's finances.

Witan remains Henderson's investment flagship and is still chaired by a Lord Faringdon, a *partner of Cazenove & Co. But* it has grown into Britain's fifth biggest investment trust with over 8,000 shareholders and *assets of £850m. For* the past 12 years it has been managed by Hugh Priestley, who has become one of the pillars of the investment trust establishment.

However, it is unusual to leave a manager in the same *job for such* a *long time. Mich*ael Hart at Foreign & Colonial and Lyndon Bolton at Alliance Trust, are the obvious excep*tions. Hence when Christopher*

Clarke, *another Henderson* veteran, took over Witan at the start of the year, Priestley says that he felt his role had been *"downsized"*.

He stresses that his departure is amicable and has nothing to do with Henderson's recent acquisition of Touche Remnant which created the UK's *leading* investment *trust* manager. But his move to the 178-year-old Laurence Keen, which manages around £1.5bn, suggests that he *is* better suited to life in a business more akin to the old Henderson family firm.

Hamish Buchan, NatWest Markets' investment trust guru and a big fan, says that Priestley has never been keen to advance his career by moving into general management. "To his eternal credit be has stuck to his last. He has investment in *his life-blood."*

■ **Dick Emery** was yesterday *appointed director, market* strategy, at the ITV Network Centre, the body responsible for commissioning more than £500m worth of ITV programmes a year.

Emery moves from ITN where he was commercial director. He had been seen as a possible replacement for Bob Phillis, the ITN chief executive, who is moving to the BBC as deputy director general.

A former sales director of Central Independent Television, Emery will be responsible at the ITV Network for exploiting research and marketing information to develop the network schedule, which has just announced the commissioning of 18 drama productions for the autumn.

Insurance moves

■ **Roger Lawson** has been appointed md of the employee benefits division, **Ralph Bevis** md of the personal financial planning division, and **David Emptage** md of the international financial services operation, at BAIN CLARKSON Financial Services. **William Gloyn**, formerly vice-president of insurance at Olympia & York Canary Wharf, has been appointed md of Bain Clarkson's commercial property services division.

■ **Les Owen**, formerly general manger (life and pensions), has been appointed chief general manager of SUN LIFE ASSURANCE SOCIETY.

■ **Richard Thompson** has been appointed md of LLOYD THOMPSON Ltd.

■ **John Stanforth**, md of Norwich Union Life Australia, has been appointed general *manager and secretary of* NORWICH UNION in succession to the late Bill Utting.

■ **Leslie Holt** and **Chris Cooke** are promoted to the board of AA INSURANCE as director, information technology, and director, finance, respectively.

■ **Nigel Daniels**, director of the quality services division of IRPC Group, has also been appointed joint md of WILLIS CORROON Product Safety.

■ **Rye Mills** will become vice-president and general manager UK for CANADA LIFE Assurance Company in May when Ian Gunn retires.

Richard Orgill, the chief executive of HongkongBank *of Australia, has been* appointed chief operating officer of HSBC Holdings' latest acquisition, Midland Bank. He will *report* to Brian Pearse, Midland's chief executive.

Orgill, 54, will be responsible for international operations, treasury, and risk management. Keith Whitson, deputy chief executive, will be freed to devote more time to developing and integrating Midland's branch system.

Orgill takes up his post on April 1, and will be succeeded st HongkongBank of Australia by John Dickinson, currently its managing director.

■ **Brendan O'Neill**, md of Guinness Brewing Worldwide, and **Philip Yea**, who becomes finance director in November on the retirement of Ian Duncan, have been appointed to the main GUINNESS board.

■ **Mike Green**, financial controller of Carlton Television, has been promoted to finance director.

■ **Stephen Fernback**, formerly director of JaguarSport, has been appointed finance director of TWR Group Ltd.

Philips promotes Kevin Kennedy

Heavy losses last year at the *Dutch electronics* group *Philips* have precipitated a round of senior management changes as a result of which Kevin Kennedy, currently running Philips in the UK, moves back to the Netherlands and is promoted on to the group management committee, his fourth job change during the six years he has been at the company.

One of the priorities of Jan Timmer, installed as president in *1990*, has been to internationalise the management of Philips. There are now only four Dutch members of the 13-strong group management committee, and Scots-born Kennedy (right) becomes only the second Brit after Dudley Eustace, the *finance* director, who joined from British Aero-

space last year, to attain that level of seniority.

Kennedy, 55, takes charge of the management of domestic appliances and personel care products, a division he notes has been profitable for many years. "That will make a nice change of pace," he commented this week. He succeeds Jan Tollenaar, also 55, who has been moved into the newly created position of chief operating officer within the problem consumer electronics division.

Joining the group in 1986 from Honeywell, Kennedy quickly established himself on the fast-track – being both the first British national appointed a managing director as well as the first to run the UK operation. He had only been doing the latter job for two years, having previously been in the Netherlands as chairman and senior managing director of the information systems division.

Another fellow countryman, John Whyhrow, presently responsible for industrial affairs in the UK, moves into Kennedy's seat.

ARTS

Jeffrey Kissoon and Alex Kingston — Alastair Muir

Theatre/Alastair Macaulay

Othello

This sterling *Othello* ushers in Bill Alexander's new régime as artistic director of the Birmingham Rep. I welcome the way it draws attention to *Othello* and its players (rather than directorial concepts); the way it evades (on the whole) the awkwardly echoing Rep acoustics; and the way it uses the depth and breadth of the Rep stage to great effect. All fine omens.

Alexander and his designer, Kit Surrey, make the most of the sheer size of this stage. Surrey has paved the floor in huge black tiles that spread right forward to meet the auditorium's front row, across into the sides (the wings are invisible) and way back to the rear – where a rear wall, also in black stone, may sometimes be dimly discerned. Simple properties – a curtain, a bed, a hanging cross, a council table – help to define particular scenes. Or, as when people rush across the stage with flaming torches looking for Desdemona in Venice, you sense the sweep of an entire city.

Jeffery Kissoon is a statuesque, smouldering Othello who never has to fake to create the character's heroic stature. He paints his every entrance in a different mood – calmly assured before the Venetian council, overwhelmed by emotion on arrival in Cyprus, light and imperturbable in his first duo with Iago – and then, in later scenes, possessed, wracked and, finally, bleakly fixated. You see the changeability of the man; and you see, above all in body language, how this mighty man becomes passive to jealousy – his legs shaking as he sits in a form of excitement that is almost sexual.

His voice can be huge, and hugely emotional. His accent is Caribbean. I dislike his way of barking climaxes, of letting minor syllables (even minor lines) drop away without proper vocal support, and of chopping up single clauses into mini-phrases. ("Most. Hombly. Therefore.") Considering his extensive experience in Shakespeare, he should know more about verse-speaking. But, though he runs quite a gamut here, he seldom displays any relish for actorly virtuosity; and he aims constantly for the role's human truth.

As Iago, Hilton McRae allows himself a few flashes of technical display – notably, an oh-so-slow ascent from the floor after Othello has wounded him and then a sinisterly croaking delivery of "I bleed, sir; but not kill'd." Shame. In general, he makes Iago marvellously plausible in the eyes of all. (And when *he* leaves pauses in a line – "her body's ... lust" – he at least shows that the words form a single phrase.) Whereas Kissoon is a bass-baritone and is all volume and colour, McRae is a light baritone-tenor, accurate and toneless. Who this Othello is, you know; who this Iago is, never.

Alex Kingston makes Desdemona into an earnest, winsome, unappealing bore. You can see how she is trying to avoid any pastel-pretty feebleness, but you cannot really see why Othello should have been spellbound by her in the first place. She ties her permed mane into a different knot for each scene, but always looks a mess; she walks leadenly; and she talks as if her marriage to Othello was something that happened during the practical year of her honours degree in sociology. She is completely believable, even intense – but in no way heart-catching.

Katy Behean's Emilia is a model of natural, detailed playing. Some of the other roles (Cassio, Lodovico, Gratiano) are given with less character than undergrad charm and clarity. But everything has energy and tension; *Othello* itself never palls. In addition to the cast of 12, Alexander has hired 19 supernumeraries, who swell the big public scenes with splendid visual impact. I love the way Iago seems to throw a stone *over* the audience and break Brabantio's window behind us. Sound-effects, lighting, are all of a high order.

At the Birmingham Rep until April 10

Concerts/Andrew Clements

Composers in Cambridge

This week the BBC Philharmonic has forsaken its home on Manchester to take up residence in Cambridgeshire. With assistance from the Eastern Orchestral Board and Cambridgeshire County Council, the orchestra is visiting schools and hospitals throughout the county to give workshops and informal concerts, as well as presenting a series of public concerts in Cambridge itself. The first of those on Tuesday in the Concert Hall of the University Music School had a local flavour: Matthias Bamert conducted a programme of works by four university composers – the professor of music, Alexander Goehr, his departmental colleagues Hugh Wood and Robin Holloway, and the 21-year-old Thomas Adès, who was an undergraduate at King's College until last June.

Such a concert would have been highly unlikely two decades ago: prospective composers who sought a university education in the late 1960s were much more likely to opt for Birmingham, York or Sussex rather than Oxbridge, where contemporary music was a clandestine activity, to be indulged outside the academic curriculum. But since Goehr's appointment to the Cambridge chair in 1976, the whole outlook of the department has changed radically; by attracting composers of the calibre of Wood and Holloway to lecture there, the position of the university in British musical life has been immeasurably enhanced. Which need not imply that Goehr has gone out to create a "Cambridge school" after his own image, following strict doctrinaire lines, far from it; as this concert demonstrated, he and Wood may remain good Schoenbergians at heart, but Holloway as always is very much his own infuriatingly unclassifiable man, while the sample of Adès's music suggested another lively and eclectic spirit.

Adès's 12-minute Chamber Symphony, written two years ago, was certainly hard to pin down. It compresses four movements into one following the Schoenberg model, but then the parallels fail; the work propels itself on a series of jazz rhythms and riffs, with quicksilver changes of perspective, tempo and tone colour. The piano used is a prepared one, an accordion insinuates itself towards the end; there are fugitive quotations (including Beethoven's *Lebewohl* motif) hinting at an undisclosed programme. Not everything cohered, but Bamert's performance seemed rather strait-laced and a conductor more willing to go with the rhythms and loosen up the phrasing might well bring it into sharper focus.

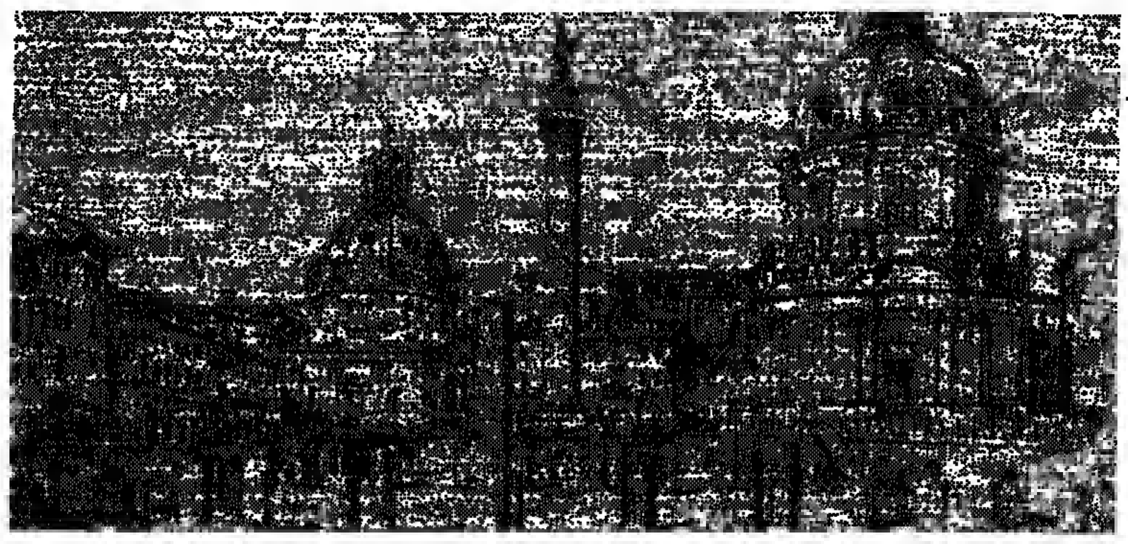
*

The remainder of the programme was more or less familiar. Tasmin Little was the marvellously eloquent soloist in Wood's very fine Violin Concerto from 1972, while Goehr's *Deux Etudes*, sumptuous explorations of orchestral sonority and texture from 1981 remained to my ears at least as baffling and uncommunicative as ever. Holloway's *Diptych*, a pair of detachable movements from his famously garrulous 1974 symphonic poem *Domination of Black* ended the concert in a splendidly larger-than-life way, producing a density of sound (reinforced with Wagner tubas) that was overwhelming in such a relatively confined space.

On Wednesday in the Festival Hall Peter Maxwell Davies conducted the Royal Philharmonic Orchestra in his own *Worldes Blis*, the massive orchestral study from 1969 which created a minor furore at its premiere at the Proms that year, and which now may be seen as the climax of the first phase of Davies's development. It is still a daunting challenge for the orchestra as much as audience, but wears wonderfully well; not a note is wasted in its 40-minute span, and the ineffably slow tread of much of its development is compelling to follow.

If the orchestration now seems rather utilitarian, especially against the luminous colours of Davies's later Orkney-inspired scores, the musical argument, so taut and uncompromising (and in the light of his subsequent development so discriminating) remains thrilling. The recording that Davies and the RPO are about make for Collins Classics is eagerly awaited.

Hakewill's Grand Tour



Piazza Traiana, Rome, 1817: a sketch from James Hakewill's 'A Picturesque Tour of Italy'

Napoleon's fate was finally sealed in the summer of 1815, and the British could once again descend on Italy. One travelling companion sure to be in demand was an up-to-date guidebook. In the spring of 1816, the enterprising James Hakewill, architect, set sail from Dover with his wife. He had already established a reputation as an author and artist with his *History of Windsor and its Neighbourhood*, which capitalised on George III's extensive improvements to the castle, and he would go on to publish *A Picturesque Tour of Jamaica* and the even less likely *Abattoirs of Paris*.

The fruits of his year-long travels on the continent were some 300 careful topographical drawings. In *A Picturesque Tour of Italy*, published in parts by John Murray between 1818 and 1820, Hakewill's aim was to "bring together correct portraits of those places which attract the notice of the traveller in Italy", taking in "picturesque" prospects, notable architecture and sites rich in historical interest. It also provided interior views of public sculpture and picture galleries.

Hakewill, unlike his publisher, had great ambitions for his project. On his return he commissioned the likes of Turner, Copley Fielding and John Varley to make watercolours for the engravers from his pencil drawings. Murray would have none of the extra expense, and refused all the watercolours bar Turner's. In the end, only 36 out of the proposed 60 engraved views were used, and the remainder of the plates comprised the outline engravings after Hakewill's museum interiors. The publication proved a financial flop, and Murray was obliged to sell the Turners in order to recoup some of his losses.

It has taken 175 years for all of Hakewill's Italian drawings to make it into print. Thanks to the Cartieri Miliani-Fabriano and the Instituto Poligrafico e Zecca dello Stato, the entire group has been fully catalogued and published with a text in English and Italian; and Hazlitt, Gooden & Fox has a selection of some 70 sheets on display in London. (*Twilight of the Grand Tour*, by Tony Cubberley and Luke Herrmann, is available from The British School at Rome, 31-34 Gordon Square, London WC1H 0PY, £60, or from Hazlitt's during the show in return for a donation of £25 or more to the School's development appeal.) Hakewill now offers his public an unique document of post-Napoleonic Italy – and of the last years of the Grand Tour.

The Grand Tour, which would take in at least France and the Alps as well as the Classical South, had been deemed an essential part of a gentleman's education since the early 18th century. Hakewill's *Tour* catered for the educated and high-minded. It is tempting to see its most innovative contribution, the outline drawings of the sculpture galleries of the Vatican and the Capitol, as a response to the Antique statuary excavated in increasing numbers in the environs of Rome and Naples. The belief of the painter, archaeologist and dealer Gavin Hamilton that "the most valuable acquisition a man of refined taste can make is a piece of fine Greek sculpture" still held true in the early 19th century. What had changed, as Hakewill presumably was only too aware, was that the travellers who came to genuflect at the feet of the Laocoon or the Apollo Belvedere were no longer predominantly those who could afford to acquire Greek and Roman antiquities. The age of middle-class travel had dawned.

If Hakewill's drawings at time seem mechanical and formulaic, it ought to be remembered that these are first and foremost working drawings, intended to provide as much information as possible to the watercolourist and engraver. Not infrequently, however, they achieve their own kind of careful poetry, and a penetrating, neo-Classical clarity reminiscent of Eckersberg's views of Rome.

*

A poetical view of the grey-green garden of the Villa Pamphili in Rome at dusk by the incomparable John Robert Cozens; Turner's perfunctory evocation of a double rainbow over the Falls of the Rhine at Schaffhausen; and Callow's hoary "Bay of Naples - Early Morning" present markedly different interpretations of the hallowed sites of the tourist itinerary, and are among the highlights of Agnew's 120th annual watercolour exhibition.

This year's selection embraces artists from Gainsborough to Augustus John. Recent rediscoveries include a Hoppner pencil and red chalk portrait of exceptional delicacy, and a small Turner sketch in which the sea, under a blood-red sunset, almost boils with shoals of mackerel driven to the shore. The high point of the 1993 show, however, is the wall of nine Samuel Palmers. A previously unrecorded watercolour over pencil, "Ploughing with Oxen, with a Village in the Distance", has been convincingly attributed to Palmer's visionary Shoreham period.

Susan Moore

John Hakewill (1778-1843): Drawings for A Picturesque Tour of Italy continues at Hazlitt, Gooden & Fox, 38 Bury Street, SW1, until April 8. English Watercolours and Drawings continues at Agnew's, 43 Old Bond Street, W1, until April 2

Theatre/Malcolm Rutherford

'Divine Words' on degradation

If you can take Lorca's *The House of Bernarda Alba* without finding it unbearably harrowing, you might move on to *Divine Words* by Ramon Del Valle-Inclán which, I believe, is having its first English language performance in London.

Valle-Inclán was born a generation before Lorca, but died in the same year – 1936. His writing life began conventionally enough. He was a journalist in Mexico, a literary figure in Madrid, then after the first world war reacted against classicism and wrote about poverty in his native Galicia.

"Poverty" is putting it politely. *Divine Words*, written in 1920, is more about degradation, superstition and all forms primitivism than the absence of sustenance. The one thing that the people never lack completely is money – and brandy. One of the reasons for seeing the play is to understand why there was a Spanish civil war. The priests are as ignorant as the laity. The police are feared, but are neither intelligent nor competent. Here is a society wholly cut off from civilising influences.

Another reason for seeing *Divine Words* is that this production by the Loose Change Company, directed by Tessa Schneideman, is supremely well done. Altogether 14 people are employed, including three musicians. Between them they tell you as much about a certain view of Galicia as you need to know. If you want to see a Spanish hydro-cephalic dwarf, footless and speechless, towed around the countryside in a barrow as his pushers hope to earn a few pesetas, here he is. The dwarf eventually dies of an epileptic fit, having consumed too much brandy. He is given the drink because in order to get it, he is prepared to croak like a frog.

This is perhaps the most grotesque scene in a gruesome play, but there are others which run it close, like the near communal rape of the priest's woman. Hysteria is never far below the surface, though surprisingly *Divine Words* seems to end on a note of christian forgiveness: "Let he is who is without sin cast the first stone." The priest's woman is thus saved from being stoned to death.

I would not pretend that it is a good, rather than an interesting, play, largely because for enjoyment you have to rely on intellectual curiosity and the strength of the performances. There is not much relief. But this is the value of the fringe theatre: as a collector's item it should be seen. There is some outstanding playing by Cleo Sylvestre as an almost toothless, gossipy but not entirely humourless hag, though also by the entire cast. Ms Schneideman has made the cast speak with southern Irish accents. I am not sure that is necessary.

Battersea Arts until March 21 (071) 223 2223

Corea at the keyboards

There is something disingenuous about the way Chick Corea makes a point of mentioning the make of the piano. Sure, it is a very nice piano, and with Corea at the controls it plays just about everything skilfully from a rhumba to a prelude, via Monk and Ellington.

The acoustic soloist is but one of Corea's powerful personae. In addition to his fierce Elektric fusion band which features Nasa style technology among the virtuosi, Corea leads acoustic ensembles and performs classical concertos. He is a complete pianist and alone at the grand on this tour he takes the opportunity to show he really can do it all, no problem.

As an improvisor Corea is perfectly centred and he tackles his base material. Limbering up with "Armando's Rhumba" at the Festival Hall on Monday, the American quickly kneaded the keyboard into a latin workout before moving on to "Sophisticated Lady" and the uneasy listening of a tightly phrased "With A Song in My Heart". "Blue Monk" was condensed into a pleasantly wobbling boogie woogie while Bud Powell's favourite tune "How Deep Is The Ocean" sparkled appealingly. Monk reared his head again as Corea worked up a lavishly embroidered "'Round Midnight".

It is ironic that Corea should cite Monk and Powell in his solo work. For all his technical brilliance and skill as a writer, Corea remains at the opposite end of the intensity scale to to these two. Indeed, it is more stimulating to hear Corea tinkering under the lid of the piano which travels everywhere with him; it gives him the air of a rather eccentric and yet emotionally detached performer.

Perhaps with the break up of the Elektric and Akoustic bands Corea is left wondering what to tackle next. Whichever, the "messing around with a prelude" and the snippets of "Children's Songs" which closed the short set were no more than engaging. It could be time for Corea to get a new piano.

Garry Booth

INTERNATIONAL ARTS GUIDE

Unlike most European music festivals, Budapest's Spring Festival acts as a showcase for home-grown talent and is all the better for it. It lacks the commercial atmosphere of many of its west European counterparts. It does not serve as another stop on the international tour circuit. Don't expect the stars (or Salzburg-style prices), but you are guaranteed some fascinating insights into Hungarian cultural tradition and musicianship.

The 1993 festival opens tonight with a concert at the Convention Centre by the Budapest Symphony Orchestra and Hungarian Radio Chorus, conducted by Andras Ligeti. Over the next two weeks, there is ample opportunity to admire Hungary's leading instrumental and choral groups - many of them high-quality ensembles from little-known provincial centres. Internationally-renowned Hungarians appearing at the festival include pianists Dezso Ranki (March 14) and Zoltan Kocsis (16, 27), the Franz Liszt Chamber Orchestra (18, 21, 26), mezzo-soprano Julia Hamari (19) and the Kodaly Choral School (25). Ivan Fischer conducts the Budapest Festival Orchestra in the closing concert on March 27.

The pick of visiting artists must be Rivka Golani (March 15, 17), the Camerata Academica of Salzburg conducted by Sandor Vegh (23), Julia Varady (24) and the Ensemble InterContemporain, which gives a concert marking the anniversary of Bartok's birth (25).

The Hungarian State Opera's festival contribution includes Wozzeck, Das Rheingold, Don Giovanni, a Bartok double-bill and Erkel's patriotic ballad opera Benk ban.

Tickets are available from the festival booking office, Vigado ter 2, and the main theatres and concert halls.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Sickert. Ends May 31. French colour etchings from Pissarro to Picasso. Ends April 18. Daily

Rijksmuseum Art, Expertise and Trade. Ends May 2. Closed Mon

BERLIN

Altes Museum The Etruscans and Europe. Ends May 31.

Martin-Gropius-Bau Aldo Rossi: 40 models and 300 drawings by the 61-year old Italian architect. Ends May 2. Closed Mon

Alte Nationalgalerie Art in Germany 1905-37. Ends April 11. Closed Mon and Tues

HAMBURG

Deichtorhallen Post-Human: the art world's reaction to the latest developments in technology, with work by 36 young international artists including Jeff Koons, Cindy Sherman and others from Europe and Japan. Ends May 9. Closed Mon

LISBON

Centre of Modern Arts Max Ernst: 260 works by the German-born Surrealist. Ends March 28. Closed Mon (Gulbenkian Foundation)

LONDON

Royal Academy of Arts Georges Rouault: watercolours, oils, drawings and ceramics from the early years 1903-20, by the French artist whose highly personal style resisted easy classification. Ends June 8. Also The Great Age of British Watercolours 1750-1880. Ends April 11. Daily

Tate Gallery Robert Ryman (b1930): 80 canvases and other works by the American Minimalist noted for his white paintings. Ends April 25. Also Visualising Masculinities: the male body in art since the mid-19th century. Ends June 6. Daily

Barbican The Sixties: an exhibition covering all forms of art from an explosive era, including psychedelia, kinetic art, junk art. Ends June 13. Daily

MADRID

Fundacion Juan March Kasimir Malevich (1878-1935): 42 oil paintings by the Russian artist who invented Suprematism. Ends April 4. Daily

Centro de Arte Reina Sofia Joan Miro: centenary exhibition of 60 paintings and 50 drawings from the years 1920-60. Ends March 22. Closed Tues

MUNICH

Kunsthalle der Hypo-Kulturstiftung Picasso: After Guernica. An important exhibition focusing on his later work, with 90 paintings, 64 drawings and 13 sculptures. Ends June 6. Daily

Neue Pinakothek Victorian Painting: 110 oils, watercolours and drawings by 70 artists including Turner, John Martin, David Wilkie and Francis Danby, most on loan from British collections. Ends May 2. Closed Mon

Villa Stuck Engineers of the Soul: 60 paintings from all parts of the Soviet empire, representing official art in the era of Socialist Realism 1930-70. Ends April 18. Closed Mon

Staatliche Antikensammlung Joseph Beuys and Antiquity: 94 works by the postwar German artist, showing the influence of classical art on his thinking and work. Ends May 9. Closed Mon

Stadtmuseum Munich Goldsmiths: a collection showing the high quality of work achieved by 60 goldsmiths in the city. Ends May 23. Closed Mon

Akademie der schönen Künste Goldsmiths from Amsterdam to Tokyo: the art of 13 internationally renowned goldsmiths. Ends April 11. Closed Mon

NEW YORK

Museum of Modern Art Max Ernst: 180 paintings, collages, drawings and prints focusing on the years 1912-27, showing the stylistic origins of his conversion to Dada and Surrealism. Ends May 2. Also Frank Lloyd Wright: 400 original drawings from the Wright archive in Arizona, as well as scale models, photographs and a selection of decorative arts. Ends May 10. Drawings of Joseph Beuys. Ends May 4. Closed Wed

Metropolitan Museum of Art The Greek Miracle: classical sculpture from 5th century BC. Ends May 23. Also Honoré Daumier: 100 works by the 19th century French cartoonist and painter. Ends May 2. Imperial Painting of the Ming Dynasty: 100 works, mostly on silk, from the Zhe School. Ends May 9. Closed Mon

Guggenheim Museum Photography in Contemporary German Art. Ends May 9. The main museum is closed on Thurs, the SoHo site on Tues

Whitney Museum of American Art 1993 Biennial: prominent American artists show their latest work. Ends June 13. Closed Mon

PARIS

Centre Georges Pompidou Matisse 1904-17. Ends June 21. Closed Tues

Grand Palais The Century of Titian: Giorgione's pastoral mood and brief career forms a sharp contrast to the long, glorious career of Titian, who begins as a disciple of Bellini and ends with freedom and modernity of style, combined with a tragic vision. Ends June 14. Also Amenophis III: 150 exhibits, from exquisite statuettes in ivory to two giant sphinxes, bear witness to the refinement and mystery of Egyptian art at its zenith during the long and serene reign of the Sun King. Ends May 31. Closed Tues, late opening Wed (ave du General Eisenhower)

Musée d'Orsay 1893: The Europe of Painters. Ends May 23. Closed Mon, late opening Thurs (quai Anatole France)

STOCKHOLM

Moderna Museet Robert Mapplethorpe: black and white photographs, ranging from portraits to nudes and erotic scenes, by the controversial New York artist who died of AIDS in 1989. Ends March 21. Closed Mon

Nationalmuseum Munch and Carrière; 10 prints by the French artist and 30 by his Norwegian contemporary, including the complete Alpha and Omega fable. Ends April 12. Also Swedish Furniture: examples of work by four leading 20th century designers. Ends March 28. Closed Mon

STUTTGART

Staatsgalerie Jeff Koons: retrospective of the 38-year old American enfant terrible of the international art scene. Ends April 18. Closed Mon

Galerie der Stadt The Rudolf and Bertha Frank Collection: 100 Expressionist works, including paintings by Kirchner, Dix, Nolde and Kokoschka. Ends April 4. Closed Mon

VIENNA

Albertina Albrecht Dürer: three of the great woodcut series by the German Renaissance engraver and illustrator. Ends April 25. Daily

Künstlerhaus The World of the Maya: 300 exhibits evoking the lost civilisation of the ancient central American people. Ends June 27. Daily

KunstHaus Andy Warhol: 100 silkscreen prints, paintings and pop art sculptures. Ends May 31. Daily

Kunsthistorisches Museum The Portuguese in India: the conquests of Dom Joao de Castro (1500-48) on tapestries. Ends April 21. Closed Mon

WASHINGTON

National Gallery of Art William Harnett: 48 works by the American still-life painter who died 100 years ago. Ends June 13. Also Drawings from the O'Neal Collection: 58 old master and modern drawings from the 18th to 20th centuries. Ends Aug 15. Daily

Not such a super Mario

The departure of Glaxo's chief executive suggests a conflict over strategy, say Paul Abrahams and Tony Jackson

The abrupt departure of Glaxo's chief executive yesterday is final confirmation that one of the world's most successful drug companies has lost its glamour. Even now, most other companies would regard Glaxo's position with pure envy: double digit earnings growth, a market value of £20bn and £1.5bn of spare cash in the bank. But even Glaxo, it seems, is groping for direction in a changing world.

The fall of Dr Ernest Mario can be seen on different levels. At the most superficial, the picture emerges of a manager who had lost the confidence not just of his immensely powerful chairman, Sir Paul Girolami, but of the other executive directors.

Dr Mario, it is said, had an excessively hands-on style in dealing with Glaxo's overseas territories. The older Glaxo tradition was to allow regional directors considerable freedom, subject to stringent financial targets. Dr Mario, a manager with an impressive grasp of detail, seems to have practised a more interventionist style with his fellow directors.

He was also occasionally given to ill-judged public statements. Last March, he told the press that Imigran, Glaxo's crucially important new migraine drug, would be licensed imminently in the US; in fact it took until December. Last month, he caused a stir by advocating a means test for prescriptions in the UK: or as the *London Daily Express* put it, *"Drop free drugs says £1m boss"*.

Perhaps there was a more fundamental issue. In the past, Sir Paul was responsible for focusing Glaxo entirely on the manufacture of prescription drugs. Dr Mario has been thought to lean towards a different option: that of over-the-counter (OTC) non-prescription medicines. Glaxo's ulcer treatment Zantac, for instance, the world's best-selling drug, could be sold without prescription as an antacid.

In recent weeks, there have been recurrent rumours of a giant rights issue from Glaxo to buy a big OTC producer such as Warner Lambert of the US. Was this the reason for the bust-up?

Not at all, Sir Paul said yesterday. "Nobody, either Ernie (Mario) or the board, has ever said that we're going to be an OTC company. Not at all. We're looking for ways and means of marketing our research-based products in the OTC market if there is a proper place for them. Ernie was more open-minded on implementing that, but that's not a policy difference.

As for a rights issue, Sir Paul says, that is "barmy". What on earth would Glaxo want a rights issue for? To buy something really big, is the obvious answer. But that, says Sir Paul, has never crossed his mind. "In the process, you would change your policy. To buy, say, Procter and Gamble just to enable us to sell our research-based products in the OTC market would be absurd. And there was no conflict between us on that policy. Never, never, never."

The real policy issue, according to Sir Paul, goes deeper still. Glaxo needs to change its organisational structure to cope with change. Dr Mario did not fit in.

As to what these changes are, Sir Paul is reluctant to specify. Though he does not say so, part of the problem clearly is that Glaxo has become too big. The board structure has to be broadened and those at the top of the company must be freed to deal with strategic issues at the operating level around the world.

"Running all these markets is a big job. I did it myself when I was chief executive 12 years ago, but it was possible then because we were much smaller. Take India, which isn't very profitable. Who's got time to look after that? It's a big company, with four or five thousand people in it. You might say that's not important. But it is absolutely vital for the future of that company that it gets the support and the attention and the direction it needs.

The mistakes I'm trying to forecast are not mistakes in the market. We must be making hundreds of them. It's mistakes in direction and development. We're a lot better than we were, but even now there are major companies in the group which are not major profit earners, and are not getting the attention they deserve."

The new structure, says Sir Paul, involves him being less involved in the hands-on running of the company than before. But one individual, the former research director Dr Richard Sykes, is to assume extraordinary powers. He is the new chief executive and deputy chairman, while retaining responsibility for a research department which last year spent £595m.

But the point, says Sir Paul, is that the running of the operations has been delegated to another director, Dr Franz Humer. Not entirely, though: the US, much the largest of Glaxo's markets, will still report to Dr Sykes.

There is also the perplexing question of succession. Sir Paul is to retire in two and a half years' time on reaching 70. Dr Mario was widely accepted as the heir apparent. But talk about personal succession, says Sir Paul, is crazy. "You can do that with prime ministers, you can do it with bureaucratic institutions, you might even do it with newspapers. Not with a company like ours".

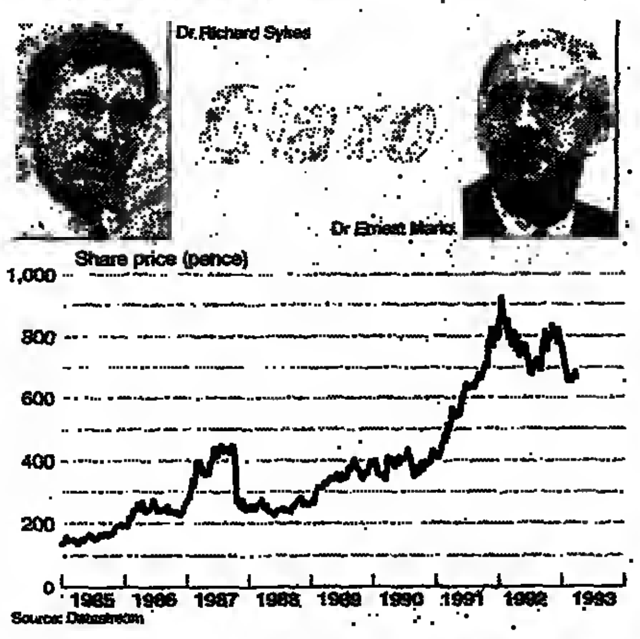
It is "extremely unlikely", he says, that Dr Mario would have succeeded him. So does the change in board structure mean the succession is now more open? Not necessarily: Dr Sykes, says Sir Paul, must have first claim, though there are three or four other candidates.

In the end, it appears, Dr Mario had to go because he was not the right man for the new structure. The issue is his fitness, in the next ten years, to run an organisation in the way we intend. I don't think there's much beyond that. Even if it had been true that we had disagreed over the OTC question, it's incredible that it would have been a leaving issue. Eventually I would just have said to him 'where does the buck stop? And in two and a half years, with a bit of luck you can do what you like'.

"But these issues are much deeper and more general than that. At that level, you're talking about a very important job: so important that unfortunately, it's black and white. You can't say, look Ernie, we're not going to get on, but you had a wonderful job at Glaxo Inc – go back. You just can't do it."

In the end, the explanation is not wholly satisfactory. But Glaxo is a deeply secretive company, which has been forced by yesterday's drama to lift a corner of the veil. Whatever really lies behind it, the company will never project quite the same image again.

Headaches at Glaxo



Joe Rogaly

Corn Laws all over again

The Conservatives may yet fall apart over Europe, as they did in 1846 over the repeal of the Corn Laws, and again in 1904-05 over tariff reform. The glue that is keeping them at least nominally together is the tribal memory of what happened after those celebrated schisms. Following the election of 1857 the Tories became the natural party of opposition to the Liberals. At the 1906 general election, following the second great split, a Conservative majority of 135 was lost. It was replaced by a Liberal majority of 129. Heaven knows how long the Tories would have stayed in their early 20th-century wilderness, had they not been rescued by Asquith's wartime coalition in 1915.

The same awful warning is evident from the history of Britain's other great national parties. The Liberals split in 1886 over Gladstone's proposals for Irish home rule. Liberal unionists joined the Conservatives, who governed for all but three of the subsequent 20 years. Nearly a century later Labour right-wingers, appalled by left-wing extremism and an outbreak of parochial anti-Europeanism, walked out to found the Social Democrats, a short-lived party of the centre. The leading Labour proponent of trade-union domination and egalitarian socialism was Mr Tony Benn, now fading into the venerability that the House of Commons bestows upon its long-stayers. Bennfoolery cost Labour four general elections in a row. The continuing aftershock may yet cost it a fifth.

Today the question facing Conservatives is how far the foolery encouraged by Lady Thatcher and Lord Tebbit will go. Banished to the House of Lords, their ghosts still haunt the Commons, where a band of hardline Europhobes contrives with devilish skill to gum up the proceedings. In the process, they are stripping the remaining tatters of authority from the increasingly ragged figure of the prime minister. If they manage to destroy the bill to ratify the Maastricht treaty, he will probably feel obliged to resign.

Was it a case of "no bill, no John Major?", I asked a colleague of his on Monday. It was more "no bill, no government", came the reply. But there would be a Conservative replacement. Whatever happened, Labour would not get a general election out of the Tories' present discomfiture. Another minister, himself a Eurosceptic, remarked that, while he thought the bill would pull through, he had to say that it looked remarkably sick.

> **The bitterness with which Conservatives are attacking one another makes it prudent to question this bedtime story**

Mr Major knows what such musings imply. It is natural that he should regard the maintenance of party unity as his principal task. He believes he has done well in this endeavour, given the tensions that existed when he came to office in November 1990. It would not be surprising if at yesterday's cabinet meeting he had asked his ministers to speak out in favour of the Maastricht bill, but to choose their words with care. He does not want vituperative attacks on the Europhobes. Unity on non-Maastricht matters will have to be restored if the government is to gain parliamentary acceptance for various difficult measures that lie ahead, perhaps on the Budget and most certainly on the new plans for coal. It would not do to destroy the chances of reuniting the Tories on such matters by initiating a war of harsh words on Europe now.

Seen from Downing Street, the anti-Maastricht rebellion is containable. The bill is about halfway through the Commons. The dangers ahead can be divided into three categories. First, the thundering from the all-party flotilla of procedural obstructionists is being countered by an attempt to shame Labour and the Liberals into restraining themselves. They do, after all, profess to favour the Maastricht treaty. Whatever the opposition contrives, government whips will continue to score tactical gains as opportunities arise. Second, various minor amendments, none of which threaten ratification, have to be talked through. Mr Major is prepared to take the punishment inherent in losing some or all of the votes on these.

That leaves the third area of danger, a list of potentially destructive amendments, such as a fresh attempt to incorporate the social chapter. The latter is essentially a statement of good intent on employment and social policies, but it has become a symbol for all sides in the parliamentary battle. If the opposition finds a way of drafting a clause that nullifies Britain's opt-out, and if it is accepted for debate and wins, the government will regard the bill as sunk. It may be bravado, but the message from senior members of the cabinet is that Labour cannot have both the bill and the social chapter.

We must not take this line of argument too far. A sense that there may be a schism is not the same thing as certain knowledge that the government is doomed. The comforting thought with which Mr Major and his colleagues soothe themselves to sleep at night goes like this: the bill will get through, if not in the summer then in the autumn. The economy will by then have shown tangible signs of recovery. People will begin to realise that the time spent on the Maastricht struggle did not prevent the administration from completing a large quantity of other business. Confidence will begin to return. Next year will be better and 1995 will be really good. An election in, say, April 1996 is therefore winnable, perhaps with an increased Conservative majority.

Throughout the troubles of the past six months this bedtime story has seemed to be the most plausible account of what is likely to happen. It still is – just. It has, however, become prudent to question it, if only in response to the bitterness with which Conservatives are now attacking one another. They are in danger of tearing their party to pieces, in spite of the prime minister's desire for less divisive discourse.

The government is therefore in the invidious position of relying upon Labour and Liberal Democrat votes, or abstentions, to get its main piece of business through. Perhaps the principled Europeanism of the leaders of those parties will save the bill, and the treaty. The alternative may be a huge political bust-up, with an outside chance of smashing the Conservatives. The minimum benefit to the opposition could be the defenestration of half the present cabinet. Europhile Labour and Liberal MPs might not let their leaders get away with it. Yet it must be the mother of all political temptations.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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World Bank advocates openness

From Mr Alexander Shakow.

Sir, Michael Holman raises a complex and difficult issue in his opinion on the World Bank and access to economic information in Africa ("World Bank's worst-kept secrets", March 2).

In general, we agree with his call for as much openness as possible. As he acknowledges, the bank already makes available a great deal of economic information on Africa and other developing regions. However, he would like us to go further and publish confidential economic analysis of individual countries, even when the government opposes publication. It should be understood that while the bank *encourages* the release of pertinent country economic information and analysis, we cannot *impose* our wishes upon sovereign governments.

But it is wrong to assume – simply because much of the economic policy dialogue takes place out of the public eye – that, therefore, the bank's relationships with some governments are "unhealthy". As many governments would testify, the bank is very forthright in offering its candid economic analysis – and making its financial support contingent on reforms being implemented to address identified problems.

It should also be noted that the bank has been, and continues to be, a strong advocate of greater openness in borrowing member countries because it believes these principles are directly linked to sustainable development.

Alexander Shakow,
director, external affairs,
The World Bank,
1818 H Street NW,
Washington DC 20433

UK industry could compete if regulatory regime favourable

From Mr Ewan Macpherson.

Sir, Your leader ("The pleas for manufacturing", March 8) posed the question of why Japanese industrialists can make internationally competitive products in the UK when their British equivalents find it so difficult.

The answer is that in most of the cases which attract attention, the Japanese have been able to set up on greenfield sites: they can then install state of the art equipment at the outset and train the labour force to their requirements. In addition, the financing of the projects has often been made attractive by UK government incentives, and their own cost of finance was extraordinarily low in the 1980s.

Given the chance of a greenfield operation for a project, I believe the British industrialist can do just as well as the Japanese. Where the Brit is at a disadvantage, all too often, is when he is trying to modernise an existing facility, retrain an existing labour force, deal with a major redundancy at the same time, and manage his earnings statement, all in volatile economic conditions where interest rates are increasing just at the time when demand is falling. In such circumstances, it becomes managerially easier and financially less risky to run down the old plant and become a distributor for a product made elsewhere.

If the government wishes British industrialists to remain internationally competitive, it should provide at least a level playing field to encourage them to stay as manufacturers in the UK.

This means ensuring that the regulatory regime is in step with Britain's competitors (not ahead of them because of the cost implications) and some help with financing might also be necessary.

In times past it was possible at reasonable cost to raise long-term, fixed-interest rate finance for long-term projects so that the financing cost became a matter of certainty. Today, long-term, fixed-interest rate finance is relatively scarce and appears very expensive compared to short-term finance. The government might usefully devise a scheme to encourage manufacturing by providing a mechanism to fix the finance cost of plant modernisation and capacity expansion projects, just as it has in the past provided fixed rate finance through the Export Credit Guarantee Department and for ships.

Ewan Macpherson,
chief executive,
3i Group,
91 Waterloo Road,
London SE1 8XP

Quality needs a more rigorous standard

From Dr Mike Asher.

Sir, Charles Batchelor ("Need a quality certificate? Ask Tom, Dick or Harry", March 8) rightly expresses a loophole in quality management system accreditation which, if the long term success of BS 5750 is to be assured, the government must move to seal.

The growth in National Accreditation Council for Certification Bodies to 24 has led to much needed competition in the market. The downside has been the increase of cowboy companies seeking to profit from the ignorance of the market. These companies are telling clients that they will sell them consultancy and then give them BS 5750.

The government must act now to prevent non-NACCB bodies awarding BS 5750. Only this will secure the future of one of the success stories of the Department of Trade and Industry Enterprise Initiative.

Mike Asher,
managing director,
Daisley Associates,
High Wycombe,
Bucks

From Mr Harry Melrose.

Sir, As the 24th third party assessment body accredited by NACCB, and the only one established in Scotland, we appreciate the visibility given by Charles Batchelor.

Public ignorance of the process of accredited certification is indeed the root cause of the opportunity openings for cowboys. Many believe that the British Standards Institution controls all assessment and certification activities including the NACCB, and no difference is perceived between BSI and its subsidiary, BSI Quality Assurance, which operates as one of the "two dozen" certification bodies.

The Association of British Certification Bodies was formed in 1992 and complaints regarding assessment and certification activities should be addressed to the secretary at 2 Park Street, London W1A 2BS.

Harry Melrose,
managing director,
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Conservative party not immune to principles of democracy

From Mr Eric Chalker.

Sir, In his letter (March 5) Sir Norman Fowler drew a perfectly correct distinction between his constitutional position within the Conservative party and that of the constituency associations. Because that distinction is rarely pointed out and because the colloquial title "party chairman" is used as frequently by Sir Norman as his predecessors, it is hardly surprising that many think he has a wider authority.

However, while he correctly distances himself from the party's membership in one paragraph, he purports to speak on their behalf in the next. In praising Sir Basil Feldman's report dealing with party members' affairs Sir Norman was misinformed, because this report has never even been discussed by tha party's executive committee, let alone "passed" as he suggests.

The true view of the membership may be deduced from the fact that key changes proposed in the Feldman report failed to win the necessary support at Harrogate on March 5.

The original Financial Times report which provoked Sir Norman's letter referred to the blocking of a special meeting requisition by 50 constituency associations co-ordinated by the party reform steering committee. Sir Norman is quite right to say that we are not opposed to many of the steps he has taken to reform the management of Central Office, but he sidesteps what is our concern. Not one single member of the new board of management will be accountable to the constituency associations.

We believe that a majority of them should be, in order to make the board itself democratically accountable to the membership. Sir Norman argues instead for a restricted form of representation that leaves him with total control and the constituencies with no say.

This lack of democratic accountability is highlighted by Sir Norman's intention declared at Harrogate but not in his letter – to make the whole party accountable to his board. This is particularly perverse, of course, considering the very limited constitutional authority enjoyed by Sir Norman, as he so clearly described at the start of his letter.

If the Conservative party were a company and this correspondence were to appear on your City pages, it would hardly seem credible. If the Conservative party were a trade union, it would long ago have been dragged before the courts for its abuse of membership rights. The fact that it is the principal political party of this country should not make it immune to the principles of good governance and democracy.

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FINANCIAL TIMES

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Friday March 12 1993

The pain in Spain

ALMOST REGARDLESS of what happens in the general election this year, the domination of Felipe Gonzalez over Spanish politics since 1982 is probably ending. The question is what legacy that period will bequeath. Will Spain emerge as a fully integrated and economically successful part of Europe, or will it continue to be viewed as a laggard? For all the efforts of Mr Gonzalez and close colleagues like Mr Carlos Solchaga, the finance minister, this choice is yet to be made. Only now, in relatively bad economic times, is it inescapable.

Spain is a very different country from Italy. But in one respect at least its problems are similar. There is popular enthusiasm for full participation in the European endeavour and a strong rhetorical commitment to that ideal amongst the country's leaders. The question is whether the rhetoric will match reality, now that painful choices have at last emerged between the European commitment and short-term economic exigencies.

From the time of Spain's entry to the EC in 1986 until 1991, Spain enjoyed dynamic economic expansion. Economic growth averaged some 4 per cent a year, public spending expanded still faster, particularly on social services and infrastructure. Even the current account deficit of between 3 and 4 per cent of gross domestic product was readily financed.

Following entry of the peseta into the ERM in 1989, the principal problem facing the authorities was not the need to keep interest rates up, but undue pressure to push them down. With excessive monetary growth and inflation stuck at over 5 per cent, their aim was tight monetary control. But the consequence of relatively high interest rates was a persistently strong currency. These perverse monetary consequences of ERM membership even became known as the "Spanish problem".

Disinflationary policies

All this changed dramatically in 1992, as the European economic crisis hit the country. It can even be argued that German unification, and the Danish referendum have, between them, given Spain the disinflationary policies the country had allegedly long been seeking.

Interest differentials *vis-à-vis* the D-Mark soared after the result of the Danish referendum. Differentials on three-month money *vis-à-vis* Germany rose to a peak of 12 per cent in October 1992 and have remained between 4½ and 7 per cent for most of the subsequent period. Moreover, the central rate of the peseta was devalued in September and again in November, by a cumulative total of 11 per cent.

Rising unemployment

This monetary and exchange rate turbulence coincided with, but also greatly exacerbated, the recession. Industrial production fell by 1 per cent in 1992, while the decline in the year to the third quarter of 1992 was close to 2 per cent. Some forecast a decline in gross domestic product between 1992 and 1993, which would be the worst economic performance since the second world war. Unemployment has risen to over 3m, while the unemployment rate is moving up once more towards the high on incredible – and, to a certain extent, misleading – level of 20 per cent.

It is no wonder that the Spanish public at large and Spanish business, in particular, have clamoured for far lower interest rates and even a departure from the ERM. While the government has made a few concessions, it has resisted the pressure, rightly so. Provided German interest rates fall soon and the credibility of the ERM improves, Spain should be able to reduce interest rates enough to allow a recovery appropriate to an economy whose rate of inflation, though falling, remains above the best European levels.

Spain's fundamental problems are on the real side of the economy. In the good years the government allowed excessive growth of public spending, while also failing to liberalise what must be amongst the most distorted labour markets in the world. Now would not seem to be the best time to tackle the problems which the good years have left behind. But it is the only time available. The crisis may even have been necessary. The question is whether the Spanish will rise to the challenge or give up the battle, now that it has at last been truly joined.

Taurus done to death

OVER THE past decade and a half, the business of running a stock exchange has undergone a dramatic transformation. Instead of being cosy, monopolistic utilities run by club committees, most exchanges now operate in internationally contestable markets. They have less power over their members and less ready access to their members' pockets; to survive, they have to demonstrate credible managerial skills. Against the background of this harsh new market discipline, the London Stock Exchange's botched attempt to introduce a paperless settlement system, Taurus, suggests that the shelf life of this august body may be rather less than previously assumed.

To say that the exchange was over-ambitious with its computer plans laughably understates the case. Nor is the cost of the debacle restricted to the £400m or more that has gone into preparations for Taurus in the City and in industry, where listed companies have incurred expenditure in anticipation of paperless trading. The antediluvian system that now gains a new lease of life is administratively *inefficient* for investors, brokers and companies, and needlessly ties up capital in the securities system. It falls woefully short of the target set by the Group of 30, an influential think tank of former policy-makers, for three-day rolling settlement.

Given that the development of this computerised system constituted a crucial challenge for the exchange's chief executive Mr Peter Rawlins, it is appropriate that he should have tendered his resignation. In the City, unlike the cabinet, it seems that the buck does actually stop somewhere. The question is how much damage has been done.

As far as the City's international role is concerned, there will no doubt be celebration in Paris and Frankfurt, but no great gain in business. While settlement is important – and better managed in those two continental European cities – it is not the central factor in deciding where securities business is done.

Institutional investors attach more importance to liquidity, dealing costs, research and other services. A recent survey by the London Stock Exchange into dealing costs in other markets suggests that London remains the most competitive centre for large transactions, even without the reduction in stamp duty that the government had promised, to coincide with the introduction of Taurus.

Despite the shortcomings of settlement in London, the stock exchange's SEAQ International dealing system claims to have 90 per cent of Europe's cross-border equity turnover. If settlement were crucial, trading in overseas stocks would not account for 50 per cent of the London Stock Exchange's business.

London's real strength in securities trading is not on its organised exchanges but in over-the-counter markets trading in eurobonds, swaps, currency forwards and the rest. Here the service providers range from information technology groups like Reuters to international banks. They constitute as great, or possibly a greater competitive threat to the London Stock Exchange, than the market authorities in Paris and Frankfurt.

The decision to ask the Bank of England what to do makes some sense. Settlement is not unlike a public good: the incentive for the potential beneficiaries is not sufficient for them to set up a system on their own initiative. Cooperative effort is therefore needed. The snag is that the Bank of England was deeply involved in trying to reconcile the conflicting interests in the system that went so disastrously wrong by trying to accommodate too many of their demands.

Whether the collapse of Taurus will give the Bank new leverage to persuade bank registrars, companies and securities houses to make sacrifices in the wider interest remains to be seen. But it would seem, at the very least, that the task of developing a new system should be offered around more widely. There is plenty of expertise in payments and settlements in the international banking fraternity and elsewhere. The poor light cast on the Stock Exchange's management by the Taurus disaster suggests that a diminished role for the exchange would be in order.

The plan that fell to earth

City confidence has been shaken by the decision to abandon the Taurus project, says Richard Waters

The City yesterday turned its back on a complicated and expensive stock market settlement system in favour of a "quick fix". Hundreds of millions of pounds of development costs, incurred by more than 150 financial institutions in the City and many more listed companies, were formally abandoned at 3pm, when news of the decision was announced.

The London Stock Exchange board's decision to drop its blighted Taurus project has shaken the confidence of the City establishment. It was planned by a wide range of institutions with interests in the securities industry to be an electronic system of ownership and transfer of shareholdings.

City leaders had always stressed that it was an essential part of the infrastructure needed to underpin London's stock market and reinforce its claim to being Europe's leading financial centre. In the event, it proved only that the City establishment is incapable of overcoming the conflicting self-interests of its members to put London as a financial centre first.

Mr Peter Rawlins, chief executive of the Stock Exchange, yesterday resigned, to take responsibility for the failure of the project. But Sir Andrew Hugh Smith, exchange chairman and chief executive for the moment, pinned the blame largely on the fact that the early design for Taurus, developed by the exchange, was rejected in 1989. Service registrars, who maintain share registers for listed companies, voted down the idea because it could have put them out of business. "It wasn't surprising – after all, turkeys don't vote for Christmas."

Yesterday's move also raises serious questions about the future of the Stock Exchange, which has been traumatised by its failure to complete Taurus. Settlement is one of the exchange's core services, providing £47.5m of its £194m of income last year.

Yesterday, it was effectively shunted aside by the Bank of England, which stepped forward to take over responsibility for overhauling stock market settlement in London. The exchange will continue to run the current system, and may eventually have a role in whatever new arrangements the Bank proposes – though Sir Andrew said he had urged the Bank to consider an independent clearing house to run whatever system it comes up with. "If you're providing an industry-wide service, it should be done by an industry-wide utility," he said.

City-wide projects such as Taurus have been tried and failed before. They have also relied on leadership from the Bank of England to pull them through. In the early 1980s, the Bank and the Stock Exchange spent three years trying to build an automated settlement system for the gilts market before the Bank took over sole responsibility in 1985. The Central Gilts Office is now an effective and widely admired part of the gilts market.

Also in the mid-1980s, the Bank was forced to step in when a City-wide grouping of banks and discount houses failed to complete London Clear, a project to automate settlement of transactions in the money markets. The result was the Central Money Markets Office, which is also now run by the Bank.

The Bank has no plans to take stock market settlement under its wing in this way – but it believes it knows enough about clearing and settlement to take a lead. Inevitably, the banking industry will be asked to play a stronger role.

The Stock Exchange itself toyed with the idea of *hiving off* settlement to the banking industry in the late 1980s. A committee under the chairmanship of Sir Geoffrey Littler, a former Treasury official, was set up to plan an independent clearing house. It was never formally closed, but ceased to meet more than two years ago as the banks and the exchange lost interest.

For at least two reasons, the UK clearing banks are now likely to find themselves thrust into a central role, whether or not they want it. First, they play a central role in the securities markets.

Barclays, for instance, operates the UK's largest share registration service, maintaining share registers for listed companies. It is a custodian, providing administrative services to institutional shareholders, and runs a retail stockbroking service through its branches. In Barclays de Zoete Wedd, its securities subsidiary, it also owns one of the country's largest institutional stockbrokers and an investment management company.

Second, the banks are likely to be forced into a central role because they control the cash clearing system, Apacs. Cash and securities settlement will need to be meshed together under whatever system is developed – and would have been necessary under Taurus – to achieve "delivery versus payment", the automatic exchange of shares for cash after a stock market transaction has taken place. This was one of the objectives laid down by the Group of 30, the Washington-based think-tank whose initiative on the subject four years ago helped to stimulate the modernisation of settlement systems in most leading financial centres.

Also, banks will play an important role in any move away from the current "account" arrangements on the stock market, under which all the share transactions which take place over a two-week period are settled on a single day, a week later. This will be replaced by rolling settlements – another G30 initiative – under which bargains are settled a set number of days after they take place.

A stock market based on such a short settlement cycle can only function when control of shares and cash is centralised. Germany has achieved this partly because the securities business has always been the domain of the banks.

The London Stock Exchange, meanwhile, has been left to pick up the pieces from the unfortunate episode. Mr Rawlins had been brought in three years ago – with the Bank of England's backing – to give a new direction to a venerable City institution which had lost its way.

Costs were rising at a time when profits in the securities industry were being squeezed as never before. The exchange's technology base, pulled together piecemeal over a number of years, needed replacing. The exchange had lost one of its central roles – regulation – to the Securities and Futures Authority, set up under the Financial Services Act of 1986. Mr Rawlins was to bring it a new sense of purpose.

Three years later, costs have fallen but the technology base remains the same. Of two grand technology plans, one – Taurus – has now been scrapped. The other could now prove to be still-born.

This is the proposed new electronic trading system, viewed in some parts of the City as a white elephant on a par with Taurus. Under review ever since Mr Rawlins arrived at the exchange, it was meant to replace the system put together hastily in the run-up to the Big Bang reforms of 1986.

The exchange has never publicly divulged its plans. However, brokers in the City say that the proposed system is too complex and expensive. Eighteen months ago, the estimated cost of building the system was £40m. Recent indications of the cost given to securities houses put it at more than £70m.

"Clearly, we will have to go over it with the board and assure them that this is not another can of worms," Sir Andrew said. "I'm convinced we can do that."

In the stock market's current straitened circumstances, such projects look too expensive. That was certainly the mood yesterday, with the new emphasis on reducing the cost and time it takes to bring in a new settlement system.

The exchange's existing technology base, discounted by Mr Rawlins, may yet be pressed into service for a little longer.

Milan's magistrates are targeting corrupt state-owned companies, says Robert Graham

The real revolution

The revolution sweeping away Italy's postwar system of corrupt party rule has begun in earnest.

The Milan magistrates investigating corruption have begun to disentangle the intricate web of influence and control that politicians have exercised over the main state-owned companies. The politicians' ability to manipulate these companies has lain at the heart of a complex system of kick-backs and payoffs which has been the lifeblood of the main political parties – the Christian Democrats and Socialists.

In four days this week ENI, the state oil concern which is the third-largest company in Italy, has seen its management hierarchy decapitated. Mr Gabriele Cagliari, the politically appointed president, is under arrest, as are the heads of ENI's four principal subsidiaries. All have been accused of illicit party financing and falsification of company books.

Milan magistrates are convinced ENI had a dual personality. One side was a successful international oil group – a market leader – operating at the frontiers of technology; the other was a fount of political patronage, carefully controlled since the 1980s, predominantly by the *Socialists*. Through such patronage in ENI and other state entities, politicians were able to secure the funds which oiled the wheels of an increasingly greedy political establishment. According to politicians who have already confessed to corruption, such illicit funds amounted to at least L5,000bn (£2.18bn) a year.

ENI's split personality was yesterday symbolised by the differing fortunes of the company's directors. A board meeting in Rome comprised just two people – Mr Franco Bernabè, the technocrat chief executive who has assumed full powers of the group, and a representative of the Italian Treasury, the sole shareholder since last August. Meanwhile, in Milan's San Vittore jail, the five imprisoned ENI group heads were answering charges of passing money illicitly to their political masters.

Earlier in the week, Mr Cagliari, the first of the five to be imprisoned, revealed the extent to which the old political system had degenerated. He admitted to the magistrates that he had been involved, under duress, in the payment of L4bn to a representative of the Socialist party to win a contract on a power station being built by ENEL, the state electricity authority. Thus one state company had to pay an "entry fee" to become a contractor for another state concern.

Such practices explain why the country should have lagged so far behind the rest of its EC partners in slimming down its large state sector and in liberalising its economy. State companies provided jobs in areas where the political parties could extend patronage, especially in the south; the same companies also were in a position to back politicians' friends through contracts.

Through patronage in state-owned entities, politicians were able to secure party funding

Just as important, the state companies acted as financial sources which complemented official party funding, which is limited by law to a total of about L100bn for all of the political parties. That sum is wholly insufficient to maintain an infrastructure of party *faithful* in the bureaucracies, in the city and local councils, and in municipally owned enterprises which include more than 200,000 employees. Not surprisingly, the politicians wanted the system closed to prying eyes; and it suited the state companies and most private ones to exclude foreign or domestic competition.

The first break in the circle arguably came from Brussels. The closer scrutiny of competition policy by the EC Commission from the late 1980s onwards, combined with moves towards the single European market, forced the Italian public sector to become more transparent.

The second break came last August when the Amato government, faced with the need to curb the uncontrolled rise in the public-sector deficit, opted for a programme of large-scale privatisation. The initial step in this process was the conversion of the four main state entities into publicly quoted companies – IRI, the state holding company, INA, the insurance institute, ENI and ENEL.

Privatisation has involved the removal of the existing politically appointed boards and the concentration of management in professional hands, including those who already worked within these companies. Thus in the case of ENI, the company has been run for the past six months by Mr Bernabè, while Mr Cagliari, installed as president in 1989 by Mr Bettino Craxi, the former Socialist leader, has become a figurehead. The next stage in the programme will be the appointment of a new board and moves to privatise subsidiaries.

But the politicians have been fighting a rearguard action to retain their influence and slow the pace of privatisation. This is where the action of the magistrates is so significant. Over recent months, and increasingly in recent days, through arrests and confessions of state company executives and private contractors, the full extent of the corruption network is being exposed. These exposures have profoundly discredited the political establishment and begun to dismantle a central pillar of the old system.

In the short term, the companies affected are likely to suffer in the turmoil. But in the longer term, there should be opportunity to put in place a more transparent, slimmer state sector with a coherent privatisation programme. It should also force the politicians to focus on legal means of financing political parties – the issue at the centre of the anti-corruption drive.

OBSERVER

Parkinson's predictors

■ A mystery has been left by the historian Professor Northcote Parkinson who died aged 83 on Wednesday, 38 years after revealing his first law: "Work expands to fill the time available for its completion."

It has since become at least as well known as any of the formulations of economists. Nor – like his second law: "Expenditure rises to meet income" – does it seem any less true as a predictor of real events.

Hence the mystery. Why have managers not acted to eliminate the monstrously wasteful effects the laws describe?

A possible reason is that both of them are products of human ambition. The organisational manifestation of it that fascinated Parkinson is the pursuit of power by empire-building – acquiring more and more subordinates who create an expanding workload for each other at greater and greater cost.

Since that is the time-honoured way of rising in organisations, the laws' sparse effect is understandable. People who've got to the top by empire-building are unlikely to do away with it, especially when they still need their empires to sustain them.

But if the lack of action disappointed Parkinson, it wouldn't have surprised him. He knew his first law's workings had been described well before, as follows:

"It is apparent from the accounts alone that a number of persons wishing to batten on the estates of the Treasury have invented titles for themselves such as controllers, secretaries or superintendents, whereby they procure no advantage to the Treasury but swallow up the profits."

The quotation is from a British Museum papyrus dating from AD 288.

Up and . . .out

■One thing the ambitious German executive never forgets: you are not a Vorstand (main board director) until you are a Vorstand.

Agreed, nothing is assured even for the brightest and best. But is the lofty Deutsche Bank not perhaps getting a touch careless with its aspiring talent? It recently lost Gianemilio Osculati, 45, who quit as head of Banca d'America a d'Italia, Deutsche's Italian subsidiary, after five years in which the bank's profits had more than doubled. A head office job was supposedly on offer – but not a Vorstand position – and he returned to his old stable, McKinsey.

Now Frank Heintzeler, 53, executive vice-president in charge of corporate finance activities, is also off. With his background – son of a former chief legal officer of the BASF chemicals company – and his ability, he seemed patently board material. But in 1990, the obvious route to the top was blocked with the arrival of new Vorstand member Ronaldo Schmitz, formerly finance director of BASF, put in charge of corporate finance.

Heintzeler leaves – on "friendly terms" of course – to join the board of the Baden-Württembergische Bank, a thriving Stuttgart institution. Next year he becomes chief executive – but where is that in the pecking order compared with a Vorstand seat at Deutsche?

'Why can't we send them fish?'

Paper trail

■To make matters even worse, the accident-prone stock exchange's brochures cheerily explaining the functionings of Taurus were still landing on shareholders' doormats on the eve of the fated system's demise.

Any recipient who got to the leaflet's page 6 before big boss Peter Rawlins fell on his sword, would have been rewarded with some prescient words of reassurance. "In the unlikely event of something going wrong . . ." begins a sentence which sadly fails to finish before something . . . er . . . goes wrong. A repeated line of text – something that can happen to the best of us. that can happen to the best of us.

Earl's summitry

■ The idea of putting a British woman on top of Everest and raising £1m for Sir Edmund Hillary's Himalayan Trust deserves all the support it can get.

But seasoned City types might wince a little at the news that the assault is being organised by Peter Earl, the 37-year-old takeover artist, who used to specialise in thinking up bids that rarely worked. Remember his masterpiece – Benlox's infamous £2bn bid for Storehouse in 1987?

Since then not a lot has been heard of Earl, who was on the dole for a while and lists surviving recessions and geriatric rowing among his recreations. As one unkind wag said yesterday, it'll be lucky if the expedition makes it to Nepal let alone the first Everest base camp.

Hanging on

■ One reason why BTR is a higher rated conglomerate than Hanson is that the stock market believes BTR knows how to handle management succession. Unlike Lord Hanson, Sir Owen Green knows when to step aside.

Even so, eyebrows will cock at 65-year-old Norman Ireland's elevation to the BTR chair. He has been around almost as long as Green, and it begins to look as if BTR differs little from Hanson in keeping the old guard in power.

It suggests that, while Alan Jackson is a jolly good chief executive, he may not have the right sort of presentation skills to be chairman. It might be a good idea if Ireland abolished Green's ban on importing non-executive directors from outside.

If the suit fits . . .

■ What a marvellous idea by would-be sleuths at the Daily Mail to launch a nationwide competition to identify the mysterious tax-deductible secretary of BBC director general John Birt. A prize of £500 or one of John Birt's favourite Armani suits was promised.

Unfortunately, they need not have bothered. They only had to read yesterday's FT to find out the lady was Jane Birt, the dg's wife.

FINANCIAL TIMES
Friday March 12 1993

Killing of US doctor inflames passions in abortion debate

By Jurek Martin in Washington

THE killing of a doctor outside an abortion clinic in Pensacola, Florida, on Wednesday has further inflamed passions in one of America's most divisive and increasingly violent social confrontations.

Yesterday, Mr Randall Terry, national leader of Operation Rescue, the anti-abortion movement, described the killing of the doctor as "an inappropriate, repulsive act". He immediately went on to say "we must also grieve for the thousands of children that he has murdered".

Ms Kate Michelman, president of the National Abortion Rights Action League, countered by attacking "the campaign of violence and intolerance" now being waged by the anti-abortion forces.

Dr David Gunn was shot dead outside his clinic by Mr Michael Frederick Griffin, who immediately surrendered to police. Mr Griffin, according to another Florida anti-abortion activist, had on Sunday urged a church service to "agree with him that Dr Gunn should give his life to Jesus Christ".

Yesterday Mr Griffin asked a court hearing that he be allowed to keep his Bible with him in jail "as a legal document". His supporters began an effort to raise funds for his family and his defence and spoke of him as a "martyr" in a just cause.

The killing of Dr Gunn appears to be the first recorded in an anti-abortion demonstration. But it takes place against a pattern of increasingly violent protest. In mid-February a clinic in Corpus Christi, Texas, was firebombed, while earlier this week eight clinics in California were sprayed with noxious acid.

According to the National Abortion Federation, there were 186 recorded instances of violence against the providers of abortion last year, twice as many as in the previous year.

In the first two months of this year a further 27 incidents were registered.

Operation Rescue and affiliated organisations have been particularly active in Florida, using what are known as "impact teams" to harass both clinic personnel and patients.

In a letter to President Bill Clinton, Ms Eleanor Smeal, head of the Feminist Majority Foundation, described such tactics as "a reign of domestic terror".

The advent of Mr Clinton, who believes in freedom of reproductive choice, does appear to have driven opponents of abortion to greater extremes. He has already rescinded several directives of Presidents George Bush and Ronald Reagan which denied federal funds to organisations which countenance abortion as a means of family planning.

Yeltsin to decide today on compromise over powers

By John Lloyd in Moscow

RUSSIAN PRESIDENT Boris Yeltsin must today decide between yet another compromise with the conservative-dominated parliament which erodes his powers, and taking the "decisive measures" at which he has hinted to break the constraints stifling economic and constitutional reform.

The Congress of Peoples' Deputies yesterday voted in principle for a resolution which gives the government some of the control over central bank and budget which Mr Yeltsin and Mr Victor Chernomyrdin, the prime minister, had demanded.

At the same time, however, it deprives the president of the right to hold a referendum, reinstates previously frozen constitutional changes which could see him dismissed by congress for "acting unconstitutionally", and permits further legislative sorties into his diminished powers.

Mr Vyacheslav Kostikov, the president's press secretary, said last night that some key points of the resolution – on the referendum and on the constitutional changes in particular – "destroyed all of the rest" of the proposed agreement. He said Mr Yeltsin, who spoke briefly yesterday, may also speak today.

A compromise reached on the basis of the resolution would be seen as a victory for the anti-presidential forces, since Mr Yeltsin and his team had little hand in shaping the compromise and have at best wrung reluctant concessions from those who did.

Politicians were last night split on whether Mr Yeltsin would submit to the compromise. Mr Vassily Lipitsky, a leader of the centrist Civic Union bloc, said: "The president has to agree – he has no other legal choice. With this congress in this mood, this is the best he will get."

Mr Boris Fyodorov, the deputy premier for finance and the economy, said: "This is a question of life and death – a matter of whether order will be restored in this country or if we will slide further into the abyss. No one can say how the events in the congress will go – the government has no plans for specific action depending on different outcomes."

Mr Yeltsin, in a stumbling speech interrupted by dissenting cries but received largely in silence, had insisted on the primacy of his office and on the urgency of constitutional and economic change – a plea more firmly supported by Mr Chernomyrdin.

However, both president and premier were attacked by Mr Ruslan Khasbulatov, the parliamentary speaker, who accused the first of tyrannous intent and the other of not being master of his own cabinet.

Gulf widens at the top in Moscow, Page 2

Japan faces pressure for earlier G7 summit

By Charles Leadbeater in Tokyo and George Graham in Washington

OFFICIALS of the Group of Seven leading industrial nations will gather in Hong Kong at the weekend, paving the way for a possible early G7 ministerial meeting to assess the political and economic crisis in Russia.

The Hong Kong meeting will be attended by Mr Boris Fyodorov, Russia's deputy prime minister. It is expected to explore the convening of a special meeting of G7 foreign and finance ministers in Washington next month, and comes as a response to Tuesday's call from President Bill Clinton for an early consideration of the Russian situation.

Japan last month rejected a call from the European Community to bring forward the date of the G7 summit scheduled to be held in Tokyo in July. The moves will be widely seen as an attempt by the G7 nations to provide moral support for President Boris Yeltsin, who is engaged in a political battle over the course of economic reform.

Mr Pierre Bérégovoy, the French prime minister, told his weekly news conference in Paris yesterday: "Russia needs economic help ... It is necessary for Japan and the US to help more," adding that "a meeting of G7 heads of state should take place as soon as possible."

In Washington, officials said no decisions had yet been taken on a formal G7 meeting.

"There does seem to be interest among various parties for an earlier meeting of the G7 to discuss Russia," said Ms Dee Dee Myers, the White House press secretary.

Other officials indicated that there would probably be no decision until Mr Clinton and Mr Yeltsin meet in Vancouver on April 3-4.

The Russian issue is likely to prove increasingly difficult for the Japanese government before the July summit. Its anxiety that the summit should run smoothly is balanced by its unwillingness to consider further economic aid to Russia.

The formal reason is that Japan has still not settled its territorial dispute over the sovereignty of four islands off the northern tip of Japan. However, Japanese relations with Russia have markedly worsened in the wake of Mr Yeltsin's sudden cancellation of his planned visit to Tokyo last September. In addition, officials in Japan's finance and trade ministries believe that further aid would be, in the words of one, "like pouring money through a sieve".

Sir Paul Girolami: Dr Mario was not the right man for the future

Glaxo ousts chief executive after split

Continued from Page 1

the fact that we still appointed him shows the respect and esteem we held him in," Sir Paul said. "All those factors played a role in [his departure at] the end."

Dr Mario's departure was accompanied by a wider shake-up at Glaxo, which Sir Paul said was intended to strengthen the group's central organisation.

Dr Richard Sykes, research and development director, has been appointed in Dr Mario's place, but retains his R&D responsibilities. Dr Franz Humer, director in charge of commercial policy and eastern Europe, Africa and the Middle East, has been appointed to a new position, chief operating officer. Sir John Cuckney, a non-executive, has been appointed as non-executive vice-chairman.

The reorganisation would also help the issue of his successor, said Sir Paul, who will be 68 in January and is due to retire when he reaches 70.

Sir Paul said that, with Dr Mario as chief executive, there had not been many candidates for chairman. Now, although Dr Sykes had first claim, there were three or four candidates.

Suburban peace shattered by arrests and office raids

Continued from Page 1

search was under way as staff, first kept waiting outside, gradually returned to work after clarifying details of the information and documents in their offices. Material judged useful was set aside for collection in offices which remained sealed.

The focus of magistrates' attention appeared to be financial, particularly documents relating to group accounts or payments abroad, according to one official. That would accord with recent allegations that Eni, with its vast foreign network, has for years been a source of illegal funds for Italy's political parties, with payments said to have been made through a complex financial network into foreign accounts.

While staff may not be entirely displeased that the Milan corruption investigations have finally focused on Eni, a group dominated by the discredited Italian Socialist party, there is clear concern about the future now that Mr Gabriele Cagliari, Eni's chairman, and the heads of four subsidiaries are being held in Milan's San Vittore prison.

Attention has been concentrated on the headquarters of Snam, Eni's biggest subsidiary in terms of sales, and the one that provides property and communications services for the whole group.

By late yesterday, investigations had also been completed in its penthouse 14th floor, used by senior executives when visiting from Rome.

Snam is also the parent company for Immobiliare Metanopoli, which has big plans for the further development of the San Donato site.

Last year, former president Francesco Cossiga came to open the sparkling fifth palazzo, now housing Agip's headquarters.

World Weather

		°C	°F
Ajaccio	S	13	55
Algiers	F	19	66
Amsterdam	F	11	52
Athens	S	12	54
Bahrain	S	23	73
Bangkok	F	34	93
Barcelona	S	13	55
Beijing	S	12	54
Beirut	R	12	54
Belfast	F	9	48
Belgrade	S	9	48
Berlin	F	4	39
Bermuda	S	16	61
Bombay	S	31	88
Bordeaux	S	15	59
Boulogne	S	14	57
Brussels	S	13	55
Budapest	F	9	48
Buenos Aires	F	31	88
Cairo	F	17	63
Cape Town	S	28	82
Caracas	C	30	86
Casablanca †	F	18	64
Chicago †	Sn	-2	28
Cologne	C	11	52
Copenhagen	S	4	39
Corfu	S	12	54
Dallas †	C	10	50
Dublin	F	10	50
Dubrovnik	S	13	55
Edinburgh	C	9	48
Faro	T	13	55
Florence	S	12	54
Frankfurt	C	11	52
Geneva	S	9	48
Gibraltar	C	14	57
Glasgow	C	7	45
Helsinki	S	0	32
Hong Kong	S	24	75
Innsbruck	S	9	48
Inverness	F	9	48
Islamabad	C	19	66
Istanbul	S	5	41
Jakarta	R	31	88
Johannesburg	S	25	77
Lisbon	C	16	61
London	S	13	55
Los Angeles †	F	13	55
Luxembourg	S	12	54
Madeira	F	18	64
Madrid	F	9	48
Majorca	C	15	59
Malaga	F	16	61
Malta	R	11	52
Manila	F	33	91
Melbourne	C	17	63
Mexico City		–	–
Miami †	S	17	63
Milan	S	13	55
Montreal †	Sn	-4	25
Moscow	Sn	-7	19
Munich	C	8	46
Nairobi	S	21	70
Naples	S	14	57
Nassau	C	27	81
New Delhi	S	28	82
New York †	S	1	34
Nice	S	13	55
Nicosia	F	11	52
Oporto	F	14	57
Oslo	S	5	37
Paris	S	15	59
Prague	C	3	37
Reykjavik	C	7	45
Rhodes	S	12	54
Rio de Janeiro	C	34	93
Rome	S	15	59
Salzburg	F	5	41
S'Francisco †	C	12	54
Seoul	S	10	50
Singapore	R	24	75
Stockholm	F	1	34
Strasbourg	S	14	57
Sydney	F	21	70
Taipei	F	23	73
Tangier	F	18	64
Tel Aviv	F	14	57
Tenerife	S	21	70
Tokyo	C	12	54
Toronto †	S	-9	16
Tunis	F	12	54
Valencia	F	13	55
Venice	F	10	50
Vienna	R	5	41
Warsaw	S	3	37
Washington †	R	5	41
Zurich	S	9	48

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

The Glaxo treatment

Glaxo has a careless way with chief executives. Having lost Mr Bernard Taylor in 1989 by promoting Dr Ernest Mario, the company has now to explain the abrupt departure of the latter. One might reasonably wonder whether any company can afford this attrition of top talent. The chairman who dominates the business is little more than two years from retirement, but the succession is as unclear as ever. At least the episode clarifies an issue of strategy: if ever there was a residual risk of a rights issue to fund a big acquisition in over-the-counter medicines, that surely departs with Mr Mario.

Glaxo insists management style rather than strategy was the reason for the upheaval. The new structure is designed, it says, to devolve responsibility out of the hands of the chief executive. That amounts to an admission events were starting to go awry. Glaxo's once stratospheric rating was built on apparently seamless relations with drugs industry regulators and ruthlessly efficient marketing. Yet the launch of some new drugs has failed to live up to the high expectations planted by the company itself. The wrangle with the US regulator over the marketing of Zantac might equally be taken as a sign of slippage.

If the reshuffle allows a re-invigorated mangement to get to grips with these issues, Glaxo can only benefit. But the company must convince that it has a credible strategy for OTC medicines – and that it can handle the succession without further blood-letting – if it is to stand a fighting chance of making up lost ground.

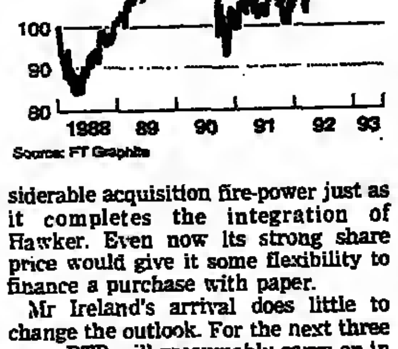
BTR

Mr Norman Ireland will enjoy only three years at the helm of BTR before the company's compulsory retirement age of 68 forces him to move on. But his is an experienced and safe pair of hands and BTR should have a fair wind behind it when he climbs back aboard in the summer. It would be unfair to dwell on BTR's draw-down on just over £300m in acquisition provisions last year, which was rather more than Hanson. Its figures also show a healthy cash inflow. It was easily able to afford the £235m outlay on restructuring Hawker Siddeley.

There should be further efficiency gains this year, while profits will be helped by exchange rate movements even if volume growth remains modest. Gearing should drop quite rapidly as the year wears on, giving BTR con-

FT-SE Index: 2953.4 (-3.3)

BTR



siderable acquisition fire-power just as it completes the integration of Hawker. Even now its strong share price would give it some flexibility to finance a purchase with paper.

Mr Ireland's arrival does little to change the outlook. For the next three years BTR will presumably carry on in very much its traditional style. But it looks less likely now that Mr Alan Jackson will eventually step up to fill the chairman's slot. In three years' time BTR will again be looking for a new chairman. The long-term succession uncertainty has only been deferred.

Rolls-Royce

It is a pity that Rolls-Royce's shares spend so much of their time below the flotation price. Some decent capital appreciation through the biggest aircraft order boom in history might have persuaded shareholders that they were being rewarded for taking substantial risks. Instead they have the wooden spoon of a reduced dividend barely covered by earnings – and that is if one charitably excludes exceptional items.

Nor should investors have any illusions that yesterday's tough action is the prelude to another great engineering recovery story. Consumers may be perking up, but they are not going to buy fleets of 747s. Rather the risk is of further order cancellations, and the market may not even bottom until 1994. The £50m provision against customer payments may not be the last.

The company highlights its strong balance sheet, but small might be a more illuminating description. Most of its competitors in jet engines and power engineering are in much larger groups and some have even stronger balance sheets. It is they, not Rolls, which have the muscle. The research costs and market risks rest on a slender capital base. But then, 'twas ever thus.

RTZ

Despite its latest venture in US coal, RTZ remains a hostage to the metals cycle. With aluminium and copper prices down last year, maintaining earnings per share must be considered a creditable performance. But costs and productivity can only be squeezed so far. The stronger dollar should help profits on translation this year, but a recovery in prices looks some way off. European and Japanese economies are sliding into recession, so RTZ may have to wait some way into 1994.

Capital expenditure running at around £250m, a high tax charge and a £195m dividend leaves little surplus cash for debt reduction in the meantime. One can only hope the peripheral oil and gas reserves acquired with Nerco prove easy to sell. Gearing of 63 per cent is not yet excessive. But until it is reduced, RTZ has limited room for manoeuvre.

WPP Group

Any company launching a heavily-dilutive rights issue chiefly to repay a bridging loan could reasonably expect a roasting from shareholders. Yet such is the topsy-turvy state of advertising companies that WPP's £88m cash call was greeted by a 17 per cent rise in its share price.

A fund-raising exercise was forecast when WPP last restructured itself. Its announcement therefore came as a relief. The issue is fully underwritten – even though Samuel Montagu will back 20 per cent of the sub-underwriting – further reinforcing confidence.

The temptation is to view WPP as a cheap recovery stock. WPP's results suggest it is trading reasonably well – at least in comparison with Saatchi & Saatchi. The upturn in the US will help. Nevertheless, WPP will still have negative shareholders' funds of £157m after the rights issue. More worryingly, it will experience a further cash outflow this year after earn-out payments. Another downward lurch in advertising would prove severely embarrassing. Still, no one pretends WPP's shares are for anyone but grown-ups.

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INSIDE

Siemens believes prospects are worse

Mr Heinrich von Pierer, chief executive of Siemens, the German electronics and electrical group, yesterday repeated it would be difficult for the group to match 1991-92 profits in the current financial year. The company's view of prospects has deteriorated slightly since Mr von Pierer first gave his veiled warning of profits in mid-January. Page 16

Ports group clears the decks

Associated British Ports Holdings, the UK ports group, yesterday wiped out its annual profits by taking a provision against the drop in value of its property development portfolio. Sir Keith Stuart, chairman, said the revaluations were intended to "clear the decks". Page 22

Enterprise Oil lifts dividend

Enterprise Oil, one of the UK's leading oil exploration and production companies, raised its dividend slightly yesterday in spite of a 21 per cent fall in after-tax profits. Page 21

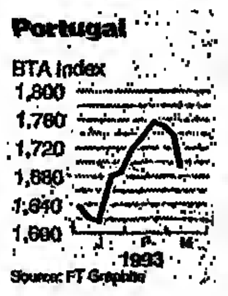
Money grows on trees

Canada's timber industry is celebrating surging prices for its products. Specialised lumber producers are making record profits. Page 31

Marriott under fire again

Marriott Corporation reached agreement with disgruntled bondholders. No sooner was the pact announced than another group pledged to continue litigation against Marriott. Page 17

Optimism in Lisbon



Although Lisbon's BTA index has fallen back from a 1993 peak of 1,779 at the end of last month, closing yesterday at 1,692, investors hope the Portuguese bolsa could shine in 1993. The market could do with a boost. The BTA index has fallen more than 50 per cent since its last peak in October 1989. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)							
Rises				[illegible]	485	+	12
Asko	885	+	35	Immobanque	754	+	27
Hochtief	1235	+	33	Valeo	795	+	22
Holzmann Ph	1140	+	34	Falls			
Leifheit	480	+	30	Docks de France	455	-	11
Preussag?	385	+	15	Essilor Intl	450	-	14
Falls				Schneider	886	-	21
Lufthansa	895	-	15	**TOKYO (Yen)**			
NEW YORK ($)				Rises			
Rises				Daiwa Telecom	742	+	23
Kel Semiconduct?	13	+	1½	Nentsu Elec?	477	+	51
Macrovolt?	47	+	2	Nippon Comsys	785	+	30
Falls				Tokyo Car	535	+	50
[illegible]	39	-	1½	Falls			
Compaq	51⅞	-	1½	NKK	260	-	11
Sun Micro	32	-	2⅜	S'tomo Osaka?	1110	-	80
Loral?	35	-	1½				
PARIS (FFr)							
Rises							
Gaumont (Soc N)?							

New York prices at 12.30.

LONDON (Pence)							
Rises				TransComputer?	56	+	10
Abbeycrest	70	+	6	Union Square	8	+	3½
Assdat?	39½	+	4½	WPP	70	+	10
BTR	612	+	25	Wellcome	935	+	25
Bell Bros?	50	+	5	WillisCorroon	205	+	18
Blagden Inds	40	+	8	Falls			
Clyde Blowers	520	+	40	AcornComputer	118	-	6
Ferranti Intl	18½	+	2	Eurocamp	259	-	65
Hambro Armlay?	141	+	11	Glaxo	886	-	19
Kode Int	173	+	13	Sanderson M&E	94	-	7
Laird?	293	+	27	Spring Ram	124	-	6
Logica	195	+	8	T&N	181	-	6
MTL Instruments	229	+	14				
[illegible]	148	+	7				

Renault improves 85% despite loss in last quarter

By William Dawkins in Paris

RENAULT, the French state-controlled carmaker, fell deeply into loss in the final quarter of last year but still managed to report a nearly doubled annual net profit of FFr5.7bn ($1.04bn).

Mr Louis Schweitzer, chairman, warned this year would be "execrable", and that profits would fall. He forecast a 9 per cent to 10 per cent decline in the European car market, the steepest since the 1974 oil price crisis. Renault, 80 per cent owned by the state and 20 per cent owned by Volvo, its Swedish partner, is a possible privatisation candidate.

Net profits at Renault rose 84.5 per cent on turnover up 8.1 per cent to FFr179.4bn. Car sales, the source of the earnings increase, climbed 13 per cent to FFr150bn. With just over 2m vehicles sold – up 6.7 per cent – Renault managed its best unit sales performance for nine years.

Operating profits rose to FFr7.92bn from FFr4.66bn, one of the best performances from a leading car company in what had been an exceptional year, said Mr Schweitzer. Within this, the car division rose to FFr8.69bn last year from FFr4.67bn. However, the group incurred a FFr961m pre-tax loss in the final quarter of 1992, due to a FFr600m decline in franc income from the devaluation of sterling and the lira against the French currency, FFr956m of exceptional charges and Renault's share of Volvo's losses. Currency shifts will this year remove another FFr3bn from taxable profits at Renault, which does not hedge against exchange rate shifts, said Mr Schweitzer.

Volvo contributed a FFr1.37bn loss for the full year, on top of a FFr1.15bn loss from Renault's truck division. There were signs of recovery at Volvo and Renault's truck division would eventually become profitable, said Mr Schweitzer.

Registrations of Renault cars in a stagnant European market rose by 5.8 per cent last year, helped by a strong rise in French sales. This allowed the French group to lift its European market share from 10 per cent to 10.5 per cent. The group has a more than 5 per cent market share in every European country except Britain, where it will pass that benchmark this year, he said.

Gearing was 37 per cent of shareholders' equity of FFr33.97bn.

■ Europe's biggest engineering group announces 4% fall ■ Jobs being shed at 1,000 a month

ABB to invest $1bn to expand in Asian markets

By Andrew Baxter in Zurich

ASEA Brown Boveri, Europe's biggest electrical engineering company, plans to spend $1bn over the next five years to expand its presence in the growing markets of Asia.

The Swiss-Swedish engineering group yesterday announced a 4 per cent decline in 1992 pre-tax profits after financial items to $1.11bn from $1.15bn. The result was in line with expectations, and reflects two years of recession in western Europe.

Since ABB was formed in 1988, it has undergone both heavy restructuring in Europe and North America and significant expansion elsewhere – especially in eastern Europe and Asia.

The group had 213,400 employees at the end of last year, and has shed 35,000 jobs since the spring of 1990. Net of acquisitions, jobs are still being shed at a rate of 1,000 a month, said Mr Percy Barnevik, ABB's president and chief executive.

He stressed that the job cuts were one of a number of factors that had strengthened ABB through the past two years of recession.

The group had reduced its net debt by $3bn to zero over 1991 and 1992, and had increased research and development spending by $450m. Last year's spending on R&D was $2.4bn, 8 per cent of its $29.6bn revenues.

The best performer was power plants, which lifted profits to $444m last year from $366m in 1991.

In contrast, the struggling transport business, which includes the former Brel railway rolling stock builder in the UK, plunged to a $40m loss from a $21m profit. Mr Barnevik said it would take a couple of years for ABB's restructuring efforts to bring earnings in transport up to average levels for the group.

In regional terms, Asia was the star performer for ABB last year, with orders up 34 per cent to $6.6bn. Mr Göran Lindahl, executive vice-president with responsibility for Asia, said the goal was to double the order intake over the next five years.

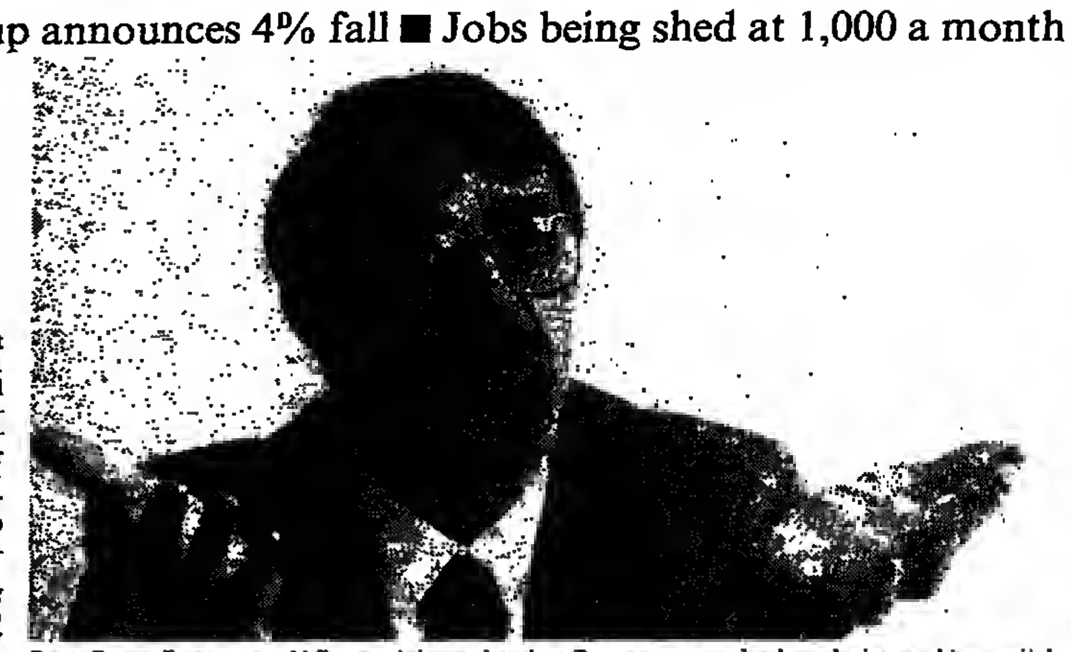
ABB has 21,000 employees in Asia and Mr Lindahl said ABB was involved in joint venture talks with about 50 companies in the region.

Mr Barnevik said the group could finance its Asian and eastern European expansion internally, by reducing working capital.

Overall, ABB's orders rose 7 per cent last year to $31.6bn.

On the outlook, Mr Barnevik says he expects profits after financial items to be about the same this year as the $1.11bn achieved in 1992.

The US market for consumable items would pick up slowly, spilling over into Europe by the end of the year. But domestic conditions would remain tough in Scandinavia, and there would be a further decline in demand in Germany.



Percy Barnevik: group could finance Asian and eastern European expansion by reducing working capital

Bayer cuts dividend after 16% downturn

By David Waller in Frankfurt

BAYER, the least recession-prone of the big three German chemicals groups, yesterday reported pre-tax profits down by 16 per cent to DM2.7bn ($1.62bn) for last year from DM3.2bn in 1991. Sales for the year dropped 2.8 per cent to DM41.2bn.

The dividend for the year will be cut to DM11 per share from DM13 – the first time the company has cut its dividend in a decade.

The figures were in line with analysts' expectations and highlight Bayer's resilience amid the severe downturn in the European chemicals industry, especially when compared to fellow German chemicals companies Hoechst and BASF.

Earlier this week, BASF cut its dividend by DM2 to DM10 per share and reported pre-tax profits down 41 per cent to DM1.24bn. Hoechst cut its dividend by DM3 to DM9 per share and reported pre-tax profits down 17.7 per cent to DM2.1bn.

A detailed breakdown of last year's figures will come at next week's press conference. But analysts said that Bayer's resilience last year reflected its relatively small exposure to the badly hit petrochemicals and plastics areas of the chemicals industry, and the high proportion of sales and profits coming from health care.

Pharmaceuticals contributed DM1.74bn to Bayer's DM3.2bn operating profits in 1991, more than the other two large chemicals companies in absolute and relative terms.

Analysts said that Bayer could have afforded not to have cut its dividend for last year.

They estimated that Bayer's dividend was twice covered by earnings, while at BASF the dividend is likely to absorb 95 per cent of earnings.

BTR names chairman as profits rise 18%

By Andrew Bolger in London

MR NORMAN IRELAND was named as the next chairman of BTR, on the day that the UK industrial conglomerate announced that its pre-tax profits had comfortably broken through the £1bn barrier. Mr Ireland, 65, who stepped down as chairman of the paper group Bowater last month, replaces Sir Owen Green, 68, who will retire in May after 28 years on the board.

Mr Ireland can serve as chairman for a maximum of three years. Mr Ireland, Sir Owen and Mr John Cahill were the original triumvirate who built BTR into one of Britain's most successful companies.

BTR's profits grew 18 per cent to £1.09bn ($1.56bn) last year on sales which were 31 per cent higher at £8.84bn. The figures included a full-year contribution from Hawker Siddeley, the UK engineering group which BTR took over for £1.55bn at the end of 1991.

Ms Kathleen O'Donovan, finance director, said Hawker had contributed about £2bn of sales and £230m of profits before interest. BTR's trading margin had been maintained at 14.2 per cent.

BTR continued to reduce its cost base. A total of 8,600 jobs were shed last year, leading to redundancy and rationalisation costs of £38m. Group gearing at December 31 was 69 per cent, compared with 79 per cent at the half-year and 89 per cent a year earlier. This was achieved by strong cashflow, reduced working capital, and selling peripheral businesses and assets worth £270m.

Good progress had been made in some European businesses, but the impact of the deepening German recession on the rest of Europe remained a concern.

Earnings per share rose 9 per cent to 34.3p. A final dividend of 10.25p makes a total for the year of 18p (up from 16.5p), an increase of 9 per cent.

Lex, Page 14; Observer, Page 13; Insider move, Page 21

UK aero-engine group cuts jobs and dividend to face a changed industry, reports **Paul Betts**

Rolls-Royce employs tough tactics to stay in top three

Rolls-Royce, the UK aero-engine and industrial power group, is to shed 5,000 jobs over the next two years and cut its dividend after suffering a £184m ($264m) pre-tax loss in 1992.

The company, which has cut 12,000 jobs in the last two years, said it had been forced to launch a new wave of restructuring because of the decline in military business and turmoil in the world airline industry.

Sir Ralph Robins, chairman, said 3,000 jobs would be lost this year and a further 2,000 in 1994. All the job cuts will involve aerospace activities with about half affecting the military engine business and the rest the civil side.

The latest cuts will mean a 10 per cent fall in the Rolls-Royce workforce from 51,800 employees at the end of 1992 to 46,800 by the end of 1994. In 1990, the company employed 64,200 people.

Mr Terry Harrison, chief executive, said Rolls-Royce was continuing to consolidate its manufacturing activities around a few larger plants by shutting down smaller facilities.

Rolls-Royce made a £180m provision in its 1992 accounts to cover the latest job cuts and plant rationalisation programme and a further £50m provision to cover bad debts. There was an additional £38m provision to cover restructuring during 1992.

Excluding these exceptional items totalling £268m (£58m in 1991), Rolls-Royce reported a profit of £84m compared with £109m. After exceptional items, the pre-tax loss of £184m compared with a £51m pre-tax profit the previous year.

Sir Ralph said Rolls-Royce had maintained a strong balance sheet with positive cash flow and no debt and that the order book had increased by £100m to £6.7bn in a particularly difficult year for both aerospace and industrial power operations. Turnover was virtually flat at £3.56bn.

A loss per share of 20.91p compares with earnings per share of 2.49p in 1991. The final dividend of 2.45p (down from 4.7p) reduces the total to 5p (from 7.25p).

Rolls-Royce's two main US competitors, General Electric and Pratt & Whitney, have also announced plans to cut 4,000 and 10,000 jobs respectively over the next 18 months. "In some parts of the world, we don't know what kind of airline industry will emerge from this recession which has already taken some large airlines like Pan Am and Eastern out of the game," Sir Ralph warned.

The concurrent cut in defence spending following the end of the cold war is also likely to be permanent. "The defence business has not gone away for good, but what is clear is that it will be half the size it was," he says.

The turmoil in the aerospace industry has revived memories of 1971 when Rolls-Royce was forced into bankruptcy. The company was dragged down by huge development problems on its RB211 civil aircraft engine. At that time, it was heavily dependent on the aero-engine business, and lacked a broad range of civil aircraft engines.

'The defence business has not gone away for good, but what is clear is that it will be half the size it was'

Sir Ralph is adamant that the company will never repeat the mistakes of the past. It launched a recovery strategy eight years ago to improve its aero-engine model range, reduce costs, improve efficiency and broaden its industrial base. "We believe this strategy continues to be the right one," says Sir Ralph.

The strategy has started to pay off. Restructuring has led to a 13 per cent improvement in output per employee.

The company has also broadened its civil engine range. Its engines now cover about 80 per cent of the commercial aircraft market compared with barely 30 per cent a decade ago. Even in a depressed market, Rolls-Royce is selling more engines than before. "Until 1989, we were selling about 100-150 engines a year; it's now around 400 a year because we can offer products to power many more different airliners than in the past," says Sir Ralph.

In the longer term, this will lead to a steep increase in the company's engine spare parts business, a traditional source of high margin business.

Rolls-Royce has also seen its share of the civil engine market increase. Sir Ralph said the company had about 22-23 per cent of the civil aero-engine market compared with 26-28 per cent each for GE and Pratt & Whitney.

Equally important has been the expansion of the company's industrial power operations, initially through the acquisition of Northern Engineering Industries (NEI) in 1989 and then through the alliance with the US Westinghouse group eight months ago.

The industrial power group already accounts for about 40 per cent of the company's £3.5bn annual turnover. Rolls-Royce wants these activities, which last year helped offset the slump in the company's aero-engine business, to grow eventually to around 50 per cent of turnover.

The other big challenge facing Rolls-Royce is the £400m development of the Trent, its new heavy thrust civil engine to power the next generation of large wide-body airliners. With these new big jets expected to account for a growing share of the civil aircraft market over the next 20 years, Rolls-Royce cannot afford to slow down on the development of the Trent which is absorbing about half the company's total annual £200m research and development expenditure. Rolls-Royce's two US rivals are also developing large engines and some aerospace analysts believe that three competing engines are too many. Some argue that three big aero-engine manufacturers are also too many and one will have to merge with a competitor.

"I think the three majors will survive but I can't see a place for the smaller players," says Sir Ralph, adding that the next few years are likely to see the consolidation of smaller companies into the big three.

He concedes that when the market does pick up, it is unlikely to roar ahead as in previous cycles. Instead, it will probably take the industry along a slow, scenic route. In the meantime, there will be no escape from restructuring. "This business is not for the faint-hearted," Mr Harrison says.

Lex, Page 14

Siemens chief executive in further profits warning

By David Waller in Frankfurt

MR HEINRICH von Pierer, chief executive of Siemens, the German electronics and electrical group, yesterday repeated it would be difficult for the group to match 1991-1992 profits in the current financial year.

Speaking at the company's annual meeting in Munich, he said that after five years of profits growth, it would be a great achievement if profits held st the same level as in the year to the end of September 1992. Profits for thst period climbed 9 per cent to DM1.96bn on sales of DM78.5bn.

The company's view of prospects has deteriorated slightly since Mr von Pierer first gave his veiled warning on profits in mid-January. He said that he expected group sales to rise 6 per cent to DM83bn this year – marginally worse than January when he said sales would climb to DM84bn.

In the first five months of the year, order intake slipped by 2 per cent to DM33bn while sales increased 3 per cent to DM29.5bn, Mr von Pierer revealed yesterday.

He warned that it was hardly to be expected that a company such as Siemens would he unaffected hy recessionary conditions in Germsny. He said that the number of people employed by the group would be down to 400,000 hy the end of the financial year, from 407,000 now and 413,000 less than five months before.

The job cuts will affect all areas of the business, but Siemens Nixdorf, the gronp's computer subsidiary, will he hardest hit. He said the gronp was making good progress in cutting losses in the computers and semiconductors husinesses, which together lost more than DM1bn last year.

Siemens was attacked yesterday over the special voting rights attached to the company's preference shares, a class of ehares owned exclueively hy descendants of Mr Werner von Siemens, the company founder.

Prof Ekkehard Wenger from the University of Würzburg proposed the abolition of the voting rights, which under certain circumstances give the holdars of tha preference shares up to 9.5 per cent of the votes in the company although they account for 1.65 per cent of the group's share capital.

Late yestarday, it looked likely that the motion would be defeated. Prof Wenger, who received support from organisations representing the interests of small shareholders, hlamed the likely outcome on the attitude of the large banks who vote on hehalf of shareholders who have lodged their shares with them.

RTZ rules out rights issue for expansion

By Maggie Urry in London

RTZ Corporation, the world's largest mining company, yesterday ruled out a rights issue to finance its move into the US coal industry. Sir Derek Birkin, chairman, reporting results for 1992 which showed a flat performance, said "there is no question of us looking for a rights issue".

RTZ is paying $1.3bn for two companies, Nerco and Cordero Mining, which will take gearing to about 63 per cent. Sir Derek said the group was comfortable with this gearing, which RTZ aimed to cut by selling Nerco's oil and gas and minerals assets.

He said the underlying result in 1992 was "resilient in a very difficult year". However, he warned RTZ was not "sanguine about an early or pronounced upturn in metal prices". RTZ's shares fell 13p to 675p.

Mr Robert Wilson, chief executive, said there had been some further weakening of prices so far this year. That prompted an unchanged 13.5p final dividend, to give a same-again total of 19.5p.

The group has adopted FRS 3. Although pre-tax profits rose 23.4 per cent from £435m to £537m, Mr Wilson said s 1 per cent increase in adjusted earnings – excluding exceptional items and discontinued activities – from £344m to £348m, was "the most meaningful reflection of the performance of the husiness".

Mr Wilson said that on average metal prices fell 2 per cent in the year and demand was "a hit" lower. This was offset hy new projects and cost cutting.

Group turnover fell 5.6 per cent to £4.6bn, and operating profits declined 14.7 per cent to £370m, before associate profits rose 11.8 per cent to £274m. Exceptional charges totalled £93m, down from £201m. After a higher tax rate, earnings were reported st £249m, np 21.5 per cent. On the old accounting rules, earnings were 2.6 per cent higher at £316m. Reported earnings per share were 24.8p compared with 20.7p last year.

Marc Rich hopes for resolution of tax case

By Ian Rodger in Zug

MR MARC RICH, the leading international commodity trader, still hopes for a settlement of the tax evasion case that has left him a fugitive from the US for a decade.

"I am convinced that at some time in the future US attorneys will recognise that the transactions were guided by expert tax counsel and were proper," Mr Rich said in an interview at his Zug headquarters. "When that recognition occurs, a resolution of this matter will be possible."

The 58-year-old Mr Rich, who this week announced his resignation as chief executive of the Marc Rich & Co international commodity trading group, said he would continue to direct the business as chairman.

"I am not retiring," he said. His new role would be mostly an advisory one, and he would work a normal eight-hour day instead of 12 hours in the office plus taking work home.

Mr Willy Strothotte, a former Rich executive who quit last year hecause of a difference over management philosophy, has returned as chief executive with responsihility for day-to-day management.

Mr Rich shed little light on Mr Strothotte's surprising return, saying: "We see eye to eye."

He foresaw no large changes in the way the group was run. "Mr Strothotte has been with the company 15 years. He grew up in it and is fully familiar with its spirit. The things which are good he will continue. I am sure he will find new and different ways of doing things which obviously will be better."

Mr Rich is reducing his share stake in Marc Rich & Co from slightly over 50 per cent to 40 per cent.

"What is happening is in line with a policy that my partners and I established many years ago. We have been making shares available to younger executives, and the aim was always that they should obtain a majority."

He denied rumours that he needed the substantial sum ha would get from reducing his stake in the group which has a net worth of over $1bn.

He dismissed freqnent charges that his group breaks international embargoes in its trading practices.

"Our policy is that we obey laws, and we comply with embargoes wherever they are. At the same time, I am a believer in free trade, and I belIave that people who are affected by embargoes always find ways around them."

He said the group was wrongly accused of doing business with Iraq about 18 months ago.

"There was correspondence, hut it made clear that everything was subject to the United Nations sanctions being lifted. And what was involved was humanitarian aid – food and medicine – not trade."

Marc Rich: has been a fugitive from the US for a decade

VNU in talks on printing arm

By Ronald van de Krol in Amsterdam

VNU, the Dutch publishing group, yesterday identified a Dutch printing company, De Boer Boekhoven, as a possible partner for its printing division which has been a candidate for full or partial divestment since 1990.

The company was forced to concede that it was negotiating with De Boer after a Dutch newspaper reported that VNU was poised to sell a majority stake in the division to the printing company. VNU declined to comment further on the press report or on the negotiations, which it described as being in the early stages.

The choice of De Boer comes as a surprise because it is smaller in size than VNU's printing division and because s foreign buyer had been expected to come forward.

Earlier this week, VNU postponed the publication of its annual figures until late March or early April, raising expectations that news on the long-awaited divestment was imminent. The deal is expected to be take retroactive effect from December 31.

VNU, whose third-party printing turnover of Fl 569m ($301m) generates 20 per cent of group turnover, is aiming to become less vulnerable to the business cycle by reducing its exposure to printing.

The other two major publishers in the Netherlands, Elsevier and Wolters Kluwer, have long since withdrawn from printing.

VNU will remain more cyclical, however, because of its major involvement in consumer publishing.

SIP to expand capital by L736bn

By Haig Simonian in Milan

SIP, Italy's main telephone utility, yesterday announced a rights issue of up to L736bn ($494m), undeterred by a drop in profits to L460.6bn in 1992 from L486.4bn in 1991.

The capital increase, on the basis of 13 new ordinary shares at L1,200 each for every 100 ordinary or savings shares held, provoked mixed feelings among analysts. Although widely discounted in the market, the latest increase follows a string of money-raising exercises by Italy's state-controlled telecoms groups.

"We don't think it's that all bad," said one dealer. "The trouble is, the amount is relatively small, leading to fears that SIP may be planning another capital increase soon".

SIP shares, which closed at L1,660 in Milan, before the deal was announced, slipped by L10 on London's SEAQ system.

Group turnover rose by 10.8 per cent to L21,557bn, while gross earnings jumped by 36.8 per cent to L998.2bn. The dividend remained unchanged at L75 for ordinary shares and L95 for savings stock.

WPP plans £88m in new paper

By Gary Mead, Marketing Correspondent

WPP, the UK msrketing services group, yesterday announced a four-for-five rights issue to raise £88m ($125.8m).

The company also reported pre-tax profits of £53.8m for the year ending December 31 1992, up from £38.36m in 1991. On an FRS3 basis, however, pre-tax profits were only £7.7m (£56m), and after a tax charge of £17.2m the company incurred an £11.9m loss.

The rights issue is to be used for partial repayment on a £105m bridging loan due to be paid in June 1994, and for additional working capital.

The rights issue was signalled last summer, just before shareholders approved the group's refinancing package. Four new ordinary shares will be offered for every five ordinary shares. The new shares are priced at 45p each, a 25 per cent discount on Wednesday's closing price. The issue is fully underwritten hy Samuel Montagu, which is retaining 20 per cent of the sub-underwriting.

Revenues increased 5.7 per cent last year to £1.27bn; revenues for the first two months of 1993 are 4 per cent up over the comparahle period in 1992. No dividend is to be paid; however, the hoard forecast a return to a dividend payment, of 1p, for the 1993 financial year.

Exceptional losses of £30.58m inclnded costs of £13.5m from the August refinancing package; £15.73m of rationalisation costs associated with some of the group's smaller companies; and £1.35m of provisions for surplus property.

Average net debt stood at £240m at the end of 1992, down from £334m the previous year. Earnings per share hefore exceptional items were 1.7p; on an FRS3 basis, losses per share were 9.3p (against earnings of 27.9p). Gronp operating margins declined from 7 per cent to 6.9 per cent; gronp staff levels fell hy 3 per cent.

Within the group, the advertising agencias J Walter Thompson and Ogilvy & Mather had operating margins of 8.7 per cent and 5.7 per cent respectively.

Hill and Knowlton, the public relations company, incurred a loss, with revenues down by 14 per cent.

Analysts are revising upwards forecasts for 1993 pre-tax profits, to about £67m. Mr Martin Sorrell, WPP group chief executive, said yesterday the planned disposal of the US advertising agency Scall McCabe Sloves was progressing and proceeds from that would go to repayment of the hridging loan.

It is understood that the Interpnblic Group of advertising agencies is interested in buying Scall, for about £80m.

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Profits take off at Paris's key airports

By Alice Rawsthorn in Paris

AEROPORTS de Paris (ADP), the company which runs the Charles de Gaulla and Orly airports, saw net profits rise by 46.4 per cent to FFr558m ($102m) in 1992, from FFr381m in 1991.

The group benefited last year from healthy growth in the number of passengers, compared with 1991, when both business and leisure traffic was badly affected by the Gulf war.

The number of passengers rose 13.6 per cent to 50.4m in 1992. The number of commercial flights rose by 7.4 per cent to 496,000 and the volume of freight increased at the same rate to 980,000 tonnes.

This fuelled a 13.6 per cent increase in Aéroports de Paris' sales to FFr6.1hn last year. The group forecasts further growth of 7 per cent this year.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Pool for Trading on 12.03.93 Pool purchase price £/MWh	Final Prices for Trading on 12.02.93 Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.45	18.26	18.26
0100	28.10	21.87	23.22
0130	28.10	32.11	33.89
0200	28.10	32.11	33.81
0230	23.35	21.87	23.17
0300	23.35	21.87	23.17
0330	23.35	18.42	18.42
0400	18.25	18.08	18.08
0430	18.11	18.05	18.05
0500	18.11	18.03	18.03
0530	18.03	18.03	18.03
0600	18.03	18.03	18.03
0630	18.04	18.07	18.07
0700	22.64	18.77	18.77
0730	23.33	21.78	23.10
0800	23.43	21.78	23.10
0830	23.71	21.78	23.09
0900	25.15	22.50	23.84
0930	25.57	27.15	28.65
1000	25.57	27.15	28.64
1030	25.57	21.15	28.64
1100	26.56	22.56	23.89
1130	26.56	22.56	23.89
1200	26.56	22.58	23.89
1230	25.15	27.05	28.54
1300	25.15	27.05	28.54
1330	23.75	22.58	23.90
1400	23.75	22.56	23.91
1430	23.33	21.78	23.10
1500	18.55	21.78	23.10
1530	18.49	18.65	18.65
1600	18.48	18.77	18.77
1630	18.55	22.50	23.84
1700	23.75	24.84	26.23
1730	25.30	27.87	29.14
1800	26.72	30.08	31.59
1830	26.73	30.05	31.54
1900	28.42	30.04	31.52
1930	28.42	25.22	26.57
2000	28.13	25.21	26.58
2030	25.30	23.66	25.20
2100	23.18	22.58	23.87
2130	22.46	22.55	23.67
2200	22.46	22.58	23.88
2230	22.46	18.85	18.86
2300	22.46	18.03	18.03
2330	17.64	17.56	17.56
2400	17.57	17.56	17.56

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.58/MWh becomes 1.858p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5.15pm Monday to Friday.

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INTERNATIONAL COMPANIES AND FINANCE

Marriott pacifies some disgruntled bondholders

By Nikki Tait in New York

MARRIOTT Corporation yesterday announced it had reached agreement in principle with a group of disgruntled bondholders who have been opposing the company's plans to "demerge" its financially-healthy hotel management operations from its property-related assets.

No sooner was the pact announced than a second grouping of unhappy bondholders, led by PPM America – the US fund management arm of Britain's Prudential insurance group – pledged to continue litigation against Marriott over the scheme.

"This is totally inadequate," said one lawyer, acting for the PPM group, "and doesn't begin to redress the losses and damages sustained by our clients."

The pact would revise the capital structures of the two quoted companies created by the demerger and offer bondholders a chance to swap into more attractive debt securities.

Under the deal, the demerger plan would still go ahead, with the hotel and food services operations being spun off into a new quoted company, called Marriott International, and the property assets and airport-tollroad concessions remaining as a separate entity, to be renamed Host Marriott.

But about $450m of additional debt and assets would be shifted into Marriott International and $70m of Marriott Corporation shares would be issued to retire public bonds.

In addition, Marriott International would provide up to $125m of mortgage financing for Host Marriott's new Philadelphia Marriott Hotel; $200m of a $630m credit line, to be provided by Marriott International to Host Marriott, would be funded at the close of the bondholders' exchange offer; and the availability of the credit line would be extended until 2007.

Under the exchange offer, bondholders could swap into new Host Marriott bonds, providing interest rates which would be 100 basis points higher and maturities extended about four years later than the present Marriott bonds.

Marriott said the revisions would mean Host Marriott's total debt would be reduced by around $500m. This entity had been due to retain virtually all of Marriott Corporation's $3bn long-term debt burden.

Mr Stephen Bollenbach, Marriott's finance director, said Marriott International's projected pro forma earnings would be reduced only modestly by the revisions – by around 7 cents a share in 1993, and less than 5 cents in 1994. On a pro forma basis, using early-1993 figures, Marriott International would have long-term debt of about $900m.

Bondholders who have reached the agreement in principle hava been represented by Goldman Sachs. They include big US institutions, among them the California Public Employees Retirement System, IDS Financial Services and Allstate insurance.

The PPM grouping – whose lawsuit centres on $400m of bonds issued by Marriott last year – has demanded full restoration of the bonds trading value and credit quality.

Yesterday, analysts at Standard & Poor's, the rating agency, said although details of the revisions could lead to a "modest upgrade" in credit quality, the rating was still likely to remain in a low to mid-speculative grade.

Potential candidates reject top IBM post

By Louise Kehoe in San Francisco

TWO executives widely seen as potential candidates for the post of chief executive of International Business Machines have issued statements saying they are not interested in taking the job.

Mr John Sculley, chairman

John Sculley: has much he wants to accomplish at Apple

and chief executive of Apple Computer, and Mr Larry Bossidy, chairman and chief executive of Allied Signal, the US industrial group, both said they intended to stay in their current posts.

There have been persistent rumours within the computer industry that IBM was viewing both Mr Sculley and Mr Bossidy as possible successors to Mr John Akers, who announced in late January he intended to resign once a replacement was found.

Mr Sculley said: "I have told Apple's board of directors and our executive management team that I am not available or interested in being chief executive of IBM."

He added: "Ten years ago this April I signed up to do a job, and there is still a lot that I would like to accomplish with all of us (at Apple)."

Similarly, Mr Larry Bossidy, chairman and chief executive, said he intended to remain at Allied Signal "to complete the joh I came here to do".

But Mr Edward Lucente, a former senior IBM execotive, yesterday announced his resignation from Northern Telecom, where he has been executive vice-president for the past two years since leaving IBM.

During his 30-year career at IBM, Mr Lucente was occasionally mentioned as a potential successor to Mr Akers.

He headed IBM's extensive Asian operations after serving as manager of US marketing.

Mr Lucente's departure from Northern Telecom follows that of Mr Paul Stern, former chairman and chief executive, who resigned in January. Mr Stern is also a former IBM executive mentioned as a potential candidate for the position of IBM chief executive.

Stora loses SKr1.36bn on poor prices

By Christopher Brown-Humes in Stockholm

STORA, Europe's largest pulp and paper group, said yesterday it was halving its dividend to SKr6.50 per share after recording a SKr1.36bn ($179m) loss after financial items in 1992.

Sharply lower prices were responsible for the deficit, which compares with a SKr595m profit in 1991, after sales sagged to SKr45.9bn from SKr51.9bn.

"Price levels deteriorated sharply during the year because of overcapacity, deregulation, the general recession and a turbulent currency market," the group said.

However, it was more upbeat about prospects for 1993, although it expects weaker development in Europe due to reduced growth in Germany. It cited the depreciation of the krona and the improving US economy as positive factors.

The big 1992 loss had been expected after Stora revealed preliminary figures in January. The loss reflected one-off costs of SKr847m to cover further restructuring. These costs were only partly offset by SKr375m in capital gains.

The performance in the final four months of the year was particularly weak, when the group struck an operating loss of SKr238m and a loss after financial items of SKr979m.

Full-year sales fell SKr3.7bn, adjusted for divestments, with lower volumes and prices for the building materials sector accounting for SKr1bn of the decline. A further SKr3.3bn of the decline was attributed to lower prices for forest products, although this was partially offset by increased volumes, which added SKr700m.

Cost reductions of SKr2bn, following the group's extensive rationalisation programme, ensured the deficit was not greater. The company reduced its payroll by 4,100 employees in 1992 and is promising a further 2,500 job cuts this year as part of a new SKr1.8bn savings programme.

Stora Feldmühle reported an operating loss of SKr258m for the year, sharply reversing the SKr915m profit recorded a year earlier. The group blamed a 20 per cent fall in newsprint prices and a 12 per cent fall in prices for lightweight coated paper for the decline, even though demand for both products increased.

Stora Cell, the pulp unit, recorded a deepened loss of SKr394m, against SKr310m, following substantial one-off costs and the write-down of a forestry project in Portugal.

Group investments fell to SKr2.43bn during the year from SKr3.38bn. The loss per share amounted to SKr18.70, compared with income of SKr8.60 in 1991.

Swedbank pushed further in the red by credit loss surge

By Christopher Brown-Humes

SWEDBANK, the Swedish savings bank, underlined the extent of the crisis in the Swedish banking sector when it announced a sharp increase in operating losses to SKr11.8bn ($1.5bn) in 1992 from SKr4.4bn a year earlier.

The bank blamed its performance on a surge in credit losses, which amounted to SKr18.5bn, or 4.5 per cent of total leoding, compared with SKr10.2bn in 1991.

It expects loan losses to continue at a high level in the next two years because of the continuing crisis in the Swedish economy and has applied to the government for support to ensure that its capital adequacy ratio stays above 8 per cent.

Swedbank was only formally established at the end of 1992, following the merger of 11 different savings hanks, although the merger is retroactive to January 1 1992. The 1991 figures are pro-forma.

The operating result before loan losses climbed 17 per cent to SKr6.8bn from SKr5.8bn.

Two-thirds of loan losses stemmed from the real estate sector, with private individuals accounting for just 10 per cent of the total. The bank said its 20 largest losses accounted for SKr6.4bn, or 35 per cent of the total.

Total problem exposures after provistons amounted to SKr25.7bn, or 6 per cent of total lending, at the end of 1992 when its capital adequacy ratio stood at 9.3 per cent.

The bank is aiming to cut expenses by SKr2bn by the end of next year from their 1991 level of SKr9.6bn.

Last year it cut 1,280 full-time jobs, helping to reduce expenses by 12 per cent.

BNL ahead 5% despite write-downs

By Haig Simonian in Milan

BANCA Nazionale del Lavoro, the Italian Treasury-owned bank, reported net profits at parent company level of L78bn ($49m) in 1992. The figure, covering BNL's first year as a joint stock company marked a 5.1 per cent increase over 1991.

Tha results reflected the effects of Italy's recession and the need for substantial write-downs on securities following last year's sharp fall in government bond prices.

BNL made L356bn in write-downs on equity holdings and bonds. In all, L985bn was set aside in depreciation and provisions, of which L751bn weot into the bank's risk reserves.

Mr Giampiero Cantoni, chairman, said the resnlts were "positive" in a difficult economic environment and worrying operating conditions.

In particular, the bank had built up its sovereign risk provisions to over 65 per cent of its exposure, in spite of the sharp fall in the valne of the lira against the dollar.

Total deposits in lira and other currencies rose by 8 per cent to L50,290bn, while total loans increased by 7.8 per cent to L46,175hn on a similar basis.

Trelleborg plunges into deficit

By Christopher Brown-Humes

TRELLEBORG, the Swedish mining aod indnstrial gronp, yesterday blamed the recession, falling metal prices and foreign exchange losses for a SKr1.6bn ($210m) loss after financial items in 1992.

The result represents a sharp turnaround from the SKr475m profit which the group reported in 1991. The group has scrapped its dividend for 1992. In 1991 it paid a dividend of SKr6.50 per share.

Foreign currency losses totalling SKr765m following the devaluation of the Swedisb krona played a large part in the deterioration of the group's performance, and restructuring costs amounted to a further SKr210m.

However, business conditions in the core areas were difficult, and it suffered additional costs because of inventory write-downs and extensive production stoppages over holiday periods.

Operating income rose to SKr23.5bn from SKr21.9bn, reflecting the consolidation of Munskjö from the start of 1992, while the operating result before depreciation amounted to SKr1.10bo, compared with SKr1.12bn. The loss per share amounted to SKr21.80, after income of SKr5.10 in 1991.

National Semiconductor shares up as earnings rise

By Louise Kehoe

NATIONAL Semiconductor's share price rose strongly yesterday when the US semiconductor chip manufacturer reported improved third-quarter earnings.

Net income for the quarter was $26.9m, or 19 cents a share, compared with $14.5m, or 11 cents, in the corresponding period last year.

Net sales rose 22 per cent to $491.5m from $401.8m.

The third-qnarter results included a net contribution to income of $400,000 from exceptional items. These items included a $8.3m gain from patent license fees, partially offset by $3.2m in legal expenses for a tax case and a $4.7m write-down of a minority investment.

Mr Gilbert Amelio, president and chief executive, said: "I am pleased with our third-quarter results, which demonstrate that we are continuing our profitability for the sixth consecutive quarter, with substantial improvement in Income from operations.

He added: "Semiconductor Industry business conditions continued to improve in the third quarter."

Gross margins improved as a result of restrncturing of manufacturing operations, he said

For the nine-month period, National Semiconductor reported net income of $84.1m, or 63 cents per share, on sales of $1.4hn.

This compared with a net loss of $147.6m, or $1.49 per share, on sales of $1.2bn last time.

The 1992 results included a restructuring charge of $149.3m in the first quarter for consolidation of manufacturing operations.

National Semiconductor's ahare price rose to $13¼ at mid-day yesterday, from a Wednesday close of $11½.

Canadian steel makers in US mini-mill plan

By Bernard Simon

TWO CANADIAN steel prodncers are joining forces to build a 2m tons-per-year mini-mill in the US.

Dofasco, Canada's biggest integrated steelmaker, and Co-Steel, which specialises in mini-mill productiou, said the first phase of the project, with a prodnction of 1m tons of flat-rolled hot band a year, would come on stream in early 1995 at a cost of US$300m. The second phase is expected to begin in 1997 at "relatively modest additional capital cost".

The location of the mill has not yet been decided, hut the choice has been narrowed to sites in Ohio, Pennsylvania and Kentucky. The companies said the selection would be heavily influenced hy electric power costs and infrastructure requirements.

Mr John Mayberry, Dofasco chief executive, said the new mill would compete with the world's lowest cost producers. It will also give the Canadian companies a presence in the US, insulating them from the protectionist pressures which are periodically exerted on foreign-based suppliers.

Canada's higgest steelmakers, Dofasco and Stelco, had combined losses of C$1.4bn in the past three years.

Argentine offer advisers picked

SG WARBURG and Lehman Brothers have been appointed as advisers on the sale to the public of minority shareholdings in about 20 of Argentina's recently-privatised companies - including the gas and electricity ntilities, writes Stephen Fidler.

Varity bounces back into black with $27m advance

By Bernard Simon in Toronto

VARITY, the automotive parts, farm equipment and diesel engine maker, yesterday reported a sharp improvement in financial performance over the past year, including a two-thirds jnmp ln operatlng income and a similar drop in long-term debt.

Net earnings of the Buffalo-based company were US$27m, or 32 cents a share, in the year to January 31, compared with a $178m loss, or $7.87 a share, in the previons 12 months.

Before extraordinary items, income in the latest period was $39.7m. These items include a $23.6m loss from the sale of Massey Ferguson's distribution and finance business.

The bulk of the previons year's loss consisted of a $108.3m restructuring charge.

Sales for 1992 rose to $3.37bn from $3.17bn, due largely to a 12 per cent improvement at Kelsey-Hayes, the automotive parts maker which specialises in wheels and anti-lock braking systems.

Operating income, excluding restructuring losses, jumped to $218m from $131m. Long-term debt stood at $305.2m on January 31, down from $864.2m a year earlier.

Mr Victor Rice, chairman, yesterday forecast a further improvement in earnings this year.

Kelsey-Hayes, which Varity acquired in 1989 and which contributes almost half its revenues, is expected to benefit from a stronger North American market, especially for light trucks.

Earnings at Massey Ferguson and Perkins, the diesel engine maker, will be boosted by weak sterling. On the other hand, Mr Rice predicted a further decline in the European farm equipment market this year.

Varity's improved fortunes have been reflected in a sharp rise in its share price on the New York stock exchange. The shares were trading at $35.75 before the close, up from $25.25 at the beginning of the year.

Poor film releases reduce Paramount profits to $1m

By Alan Friedman in New York

LOWER operating earnings from its entertainment division and seasonal losses in publishing caused a sharp decline in net profits at Paramount Communications during the first qnarter of fiscal 1993 ended January 31.

Tha company recorded first-quarter net income of less than $1m, or 1 cent per share, compared with $18.4m, or 16 cents, in the first three months of fiscal 1992.

Revenues also declined, to $943.7m in the quarter from $1.07bn a year earlier.

Paramount said the weak performance of film releases resulted in lower operating income, despite higher contributions from television programming operations.

Entertainment results in the first quarter also reflected lower operating income from television hroadcast stations and theatrical exhibition operations.

Paramount added that its theme parks division, acquired in the fourth quarter of fiscal 1992, suffered a small loss.

Flotation being planned by cruise operator

By Nikki Tait

ROYAL Caribhean Cruises, one of the largest cruise ship operators in the US, is coming to the stock market.

The Miami-hased company has made its "initial pnblic offering" filing with the Securities and Exchange Commission.

It did not detail the precise timing for the flotation, nor tha number of shares to be offered. However, it did register 9.08m shares at a proposed maximum offering price of $19 a share. It said the proceeds would be used to repay secured debt facilities. Anything remaining would go for "general purposes".

Royal Caribbean was formed in the 1960s hy three Norwegian companies – I. M. Skaugen, Gotaas Larsen and Anders Wilhelmsen – and merged with Admiral Cruises in 1988. In that year, Anders Wilhelmsen bought ont the other partners and set up a joint ownership arrangement with interests related to Chicago's Pritzker family. The company operates nine ships.

Norwegian insurer 'dissatisfied' with rise

By Karen Fossli in Oslo

VITAL Forsikring, the Norwegian insurer, yesterday reported a rise in 1992 net profit, after allocations to shareholders and policyholders, to NKr723m ($103m) from NKr644m in 1991.

Mr Bjoern Elvestad, chief executive, said: "We are not satisfied with the rate of return on the company's funds in 1992, but the developments in the financial markets since the turn of the year show how quickly the picture can change." Mr Elvestad said that at the end of this Fehruary the company's securities investments, including realised and unrealised items, amounted to NKr840m.

Allocations to shareholders fell last year to NKr126m from NKr218m in the previous year while those to policyholders rose to NKr655m from NKr173m. The board proposed a dividend of NKr4.75 a share, unchanged from 1991.

Group operating profit advanced to NKr824m in 1992 from NKr718m in 1991, while premium income increased by NKr79m to NKr2.802bn.

Gross financial income rose by NKr78m, or hy 3.8 per cent, to NKr2.625hn. Vital said it wrote down the value of shareholdings hy NKr186m, with Eiendomsspar, in which it holds a 32 per cent stake, accounting for NKr133m of the total.

Vital also wrote down the value of its real estate portfolio by NKr70m. "In addition, ths portfolio reserve has been reduced hy NKr36m," Vital said. Following these write-downs, the book value of the company's directly-ownsd properties is NKr1.633bn, against NKr1.619bn in 1991.

The insurer said actual and estimated losses on residential and commercial property were NKr34m, NKr12m more than in 1991, representing 0.24 per cent of total loans. Vital said it wrote down hy NKr40m a NKr50m short-term loan to Investa, the collapsed Norwegian investment company.

Group assets rose last year to NKr35.136bn from NKr33.722bn a year earlier.

Cathay ahead 1.9% in slow market

By Simon Holberton in Hong Kong

RISING costs and a sluggish world civil aviation market held Cathay Pacific, the Hong Kong airline controlled by Swire Pacific, to 1.9 per cent growth in 1992 profits to HK$3bn (US$389m) from HK$2.95bn the year before.

Mr Peter Sutch, chairman, warned that he did not expect to see much, if any, growth in 1993.

Cathay reinforced this view by maintaining its dividend at the 1991 level with a final payout of 31.5 cents, making 42 cents for the year.

The profits were struck on an 11.5 per cent increase in turnover to HK$23.3bn from HK$20.9bn. The higher sales were, however, absorbed by inflation and lower yields on passenger and cargo traffic.

Mr Sutch said: "Just because we are in Asia does not mean that we are insulated from what is happening in the industry worldwide."

He noted that from the fourth quarter of last year and into the first quarter of this year demand for aviation services in Japan and continental Europe, especially Germany, was soft. This was a more important factor than the revenues lost as a result of a strike late in January this year.

However, Mr Sutch said that in 1991 the airline had embarked on a programme to reduce costs. Unit costs in 1992 were held at 1991 levels, "which shows we have made some progress given the 10 per cent inflation we have in Hong Kong."

The airline sought a 15 per cent reduction in costs over the three years 1992-1994, he said. It had transferred its accounts division to neighbouring Guangzhou in China, established a computer site in Sydney, and, on a voluntary basis, was stationing flight crews in other parts of the region.

He expected to be able to cut aircraft maintenance costs when the airline's subsidiary, Hong Kong Aircraft Engineering Company, had relocated some facilities to southern China.

During 1992 Cathay's passenger load factor remained at 73.5 per cent, but its yield per passenger kilometre fell by 1.6 per cent. Its yield on cargo fell by 5.5 per cent. Capacity, however, rose by 15 per cent.

Yields are expected to remain under pressure this year, with the volume of passenger traffic not expected to grow appreciably and the pressure on fares likely to be downward.

Operating margins fell 1 percentage point to 13 per cent, well below the 18.5 per cent recorded in 1988. Mr Sutch said the efforts to reduce costs were designed to reverse this trend.

Founder of Posco expected to resign

By John Burton in Seoul

MR PARK Tae-joon is expected to resign today as the honorary chairman of Pohang Iron and Steel (Posco) in a move that could lead to a management shake-up at the world's third-largest steel company.

Meanwhile, Mr Chung Ju-yung, the founder of the Hyundai conglomerate, yesterday resumed his position as honorary chairman of South Korea's biggest group after suggesting that he may dismantle it within a year.

The actions of the two prominent industrialists are related to their opposition to the election of Mr Kim Young-sam as South Korea's new president.

Mr Park, who founded the state-run steel company 25 years ago, resigned from a senior position in the ruling Democratic Liberal party and as Posco chairman last year after he tried unsuccessfully to block Mr Kim's nomination as a presidential candidate.

The government recently launched a tax investigation of Posco in what was regarded as an attempt to force Mr Park to also resign as honorary chairman and completely sever his ties with the company.

The departure of Mr Park, which is expected to be announced today at Posco's annual meeting, is likely to cause an exodus of Mr Park's senior aides who now manage the company.

They include Mr Hwang Kyung-ro, chairman, and Mr Park Tuk-pyo. Likely successors being mentioned to head Posco include Mr Chung

Chung Ju-yung: founder of the Hyundai conglomerate

Myung-sik, the vice-chairman, and the presidents of two other state companies, Mr Ahn Byung-hwa of Korea Electric Power (Kepco) and Mr Ahn Chon-bak of Korea Heavy Industries and Construction.

The return of Mr Chung Ju-yung to Hyundai as honorary chairman follows his failed presidential bid last year and his recent resignation as an opposition MP.

Mr Chung told the Korean press this week that he planned to break up Hyundai into smaller independent companies within a year, although he gave no details. His comments took Hyundai officials by surprise.

Mr Chung may have made the offer to try to persuade the government to drop an indictment against him and other Hyundai executives for illegal election practices during the presidential campaign.

Azabu dismisses 'over-zealous' bank advisers

By Robert Thomson in Tokyo

AZABU Building, a leading Japanese developer which has Y700bn ($5.95bn) in outstanding debts, has dismissed the bankers transferred to restructure the company, apparently because they were over-zealous in selling-off properties.

Azabu's unusual move is particularly embarrassing for its main bank, Mitsui Trust and Banking, which had provided the developer with a new president and senior management staff, all of whom were told that they were no longer wanted.

The dismissal of the staff was organised by Mr Kitaro Watanabe, one of the country's best-known developers and stock speculators, who was supposed to have resigned from active management and taken the ceremonial position of chairman early last year.

But Mr Watanabe, who still controls a majority of Azabu shares, decided the Mitsui Trust staff were taking the restructuring far too seriously in that they were actually selling buildings.

Many Japanese "restructurings" merely involve the shuffling of buildings around affiliates in the hope that the property market will quickly improve, and Mr Watanabe was angry that Mitsui was trying too hard to recover its money.

"We agreed that Mitsui should sell some of our assets, but if they sell all of our assets, we would have no business left. Mr Watanabe has a special feeling for his hotel in Hawaii [the Hyatt Regency Waikiki] and the bankers even wanted to strip that off," Azabu said.

Meanwhile, Mitsui Trust claims to be mystified by the ailing company's sudden belligerence: "We don't know what they really want to do. We had agreed on a restructuring and they have suddenly ended the agreement and now we have no communications with them."

Walk-out protest by retiring Tisco chief

By Stefan Wagstyl in Bombay

TATA Iron and Steel (Tisco), India's largest company, yesterday elected a new chairman at a dramatic boardroom meeting at which the departing chairman, Mr Russi Mody, walked out.

The new chairman is Mr Ratan Tata, the 53-year-old head of the Tata group, India's top industrial house, which includes Tisco. The board agreed Mr Tata should take over when 75-year-old Mr Mody retires later this year on a date yet to be decided.

Mr Mody, who has served Tata for 54 years, has been fighting against his compulsory retirement in a bitter battle which has shaken Tisco and disrupted the Tata group.

The struggle began when Tata Sons, the group's main holding company, passed resolutions last year requiring managing directors of Tata companies to retire at 65 and chairmen at 75. Mr Ratan Tata advanced the measure in order to relieve Tata companies of ageing directors. They had been allowed to stay primarily because Mr J.R.D. Tata, the group's patriarch and Mr Ratan Tata's predecessor, had himself stayed on the Tata Sons board despite being 88.

Mr Mody took the retirement rules as a personal attack and struggled to prevent them being applied to Tata Steel. However, last summer he was forced to stand down as managing director and move to non-executive chairman.

While other Tata companies fell in with Tata Sons in passing retirement resolutions, Mr Mody's presence on the board prevented Tata Steel from following suit. However, after Mr Mody's 75th birthday in January, Mr Ratan Tata, Tisco's deputy chairman, decided to wait no longer and presented the retirement resolution at yesterday's meeting. As he spoke, Mr Mody walked ont and the resolution was passed unanimously. Tisco said last night that the date for Mr Mody's retirement would be fixed by agreement with him.

Coles Myer climbs 4% despite tough conditions

By Bruce Jacques in Sydney

COLES MYER, Australia's biggest retailer, has posted a modest increase in first-half earnings despite depressed consumer spending and intense price competition.

The directors yesterday announced a 4 per cent rise in net profits to A$236.6m (US$167m) in the 26 weeks to January 24 from A$227.4m a year earlier, despite a 1 per cent slide in sales to A$7.9bn from A$8.0bn.

The company is raising its interim dividend by 17.9 per cent with 11 cents a share on capital increased by a bonus issue in 1992. The previous interim dividend was 21 cents a share on lower capital.

Mr Solomon Lew, chairman, said the result showed that the company continued to weather the recession better than most retailers.

He pointed out that, adjusting for the sale of the company's interests in Sandhurst Farms and Progressive Enterprises in New Zealand, pre-tax profits rose 9.5 per cent and sales were 4.2 per cent ahead.

He said the company had reduced net debt in the period by 87.5 per cent to A$116m. This helped to reduce the company's net interest bill by more than half from A$51.4m to A$24.8m. Cash flow rose 16 per cent to A$593.2m.

"Wa are positioned to take immediate advantage of economic improvament and we have the financial strength to continue to invest in our own business and in new development opportunities," Mr Lew said.

Mr Peter Bartels, chief executive officer, said the highlight of the result was a rise in pre-tax profits of the K mart division to A$78.8m from A$43.2m. However, strong competition bad hit food sales despite a solid sales rise, be said.

Compass Airlines to be wound up

By Bruce Jacques

COMPASS Airlines, the independent Australian domestic air service, has failed to secure emergency funding and will be wound up. The company yesterday applied to the Queensland Snpreme Court for appointment of a provisional liquidator.

This followed the failure of Mr Richard Barber, the receiver/manager appointad last week, to pull together a funding package to allow the company to continue trading.

Compass' demise means the Australian domestic airline industry will revert to a duopoly, split between Australian Airlines, a Qantas subsidiary, and Ansett, which is jointly controlled by the News group and Thomas Nationwide Transport (TNT).

Prohlems at Compass emerged pnblicly earlier this month when directors asked for the appointment of a receiver/manager because of delays in securing a A$9.2m (US$6.5m) funding package.

The funding package had heen promised hy Mr Doug Reid, depnty chairman of Compass, who appeared yesterday in a Melbourne court on two charges of making false statements to other board members.

It is the second time in as many years that attempts to operate a third domestic airline servica in Australia have foundered.

The earlier attempt, also called Compass and using much of the seme staff, collapsed in 1991.

BTR Nylex surprises with strong advance to A$365m

By Bruce Jacques

BTR Nylex, the Australian manufacturing arm of BTR of the UK, has exceeded most analysts' forecasts with a hig rise in profits, sales and dividend for 1992.

Net profits advanced 33.6 per cent to A$365.4m (US$261m) from A$273.6m on a 15.9 per cent rise in sales to A$5.73bn from A$4.95bn. The annual dividend is being raised to 10 cents a share from 9.5 cents.

Directors said the results, which included first-time contributions from recent acquisitions Westinghouse Brake and Signal and Hawker de Havilland, was achieved despite difficult trading conditions. "Significant benefits came from the restructuring carried out over the last two years and the continuing attention to increased productivity," they said.

"Whilst economic activity appears patchy, there are encouraging signs of modest economic improvement in Australasia and North America." Directors said benefits from the capital expenditure, which rose to A$541.5m from A$447.8m, would be felt in the current year. The packaging division was the main source of the rise in earnings, lifting its pre-tax contribntion to A$323.0m from A$252.7m.

See Lex

BHP tightens grip on Foster's

BROKEN Hill Proprietary (BHP), the Australian resources group, yesterday moved to tighten its management grip on Foster's Brewing, the Australian beermaker which it controls, with a management restructuring, writes Bruce Jacques.

Mr Tony Larkin, former general manager for finance at BHP Minerals, has been appointed finance director at Foster's. Mr Peter Jonson, the former finance chief at Foster's, has resigned. Foster's board, which already includes four BHP nominees, said the group head office would be divided into three units: corporate affairs, corporate finance and corporate strategy.

INTERNATIONAL CAPITAL MARKETS

Stream of new issues slows as investors take a cautious view

By Antonia Sharpe in London and Emiko Terazono in Tokyo

THE STREAM of new international bond issues slowed markedly yesterday after a hectic start to the week. The mood among investors was said to be turning cautious in view of the latest developments in Russia and ahead of the UK budget.

INTERNATIONAL BONDS

News in the afternoon that Standard & Poor's, the US credit rating agency, had cut its rating of Finland's senior long-term foreign currency debt by two notches added to the uncertainty, even though the downgrading had been widely expected by the market. S&P's move quashed market talk that Finland was thinking of tapping the Eurosterling sector.

S&P said its decision to cut Finland's rating from AA plus to AA minus reflected the ongoing restructuring of Finnish trade and industry, which it said had contributed to a sharp drop in economic activity and a steep rise in government and external indebtedness.

The downgrading also incorporated the prospect of a slow and uncertain recovery which could halt efforts to cut the government's large budget deficits, S&P said.

The Eurofranc sector came into focus yesterday, as KfW International Finance, the financing arm of the German government agency for re-development, raised FFr1bn through a 10-year zero-coupon Eurobond issue. This was the fourth such offering in the French market since the start of March, and was mainly bought by continental investors outside France.

The yield spread on KfW's bonds was set at 10 basis points above the French government's 8½ per cent OATs due 2003, and tightened to eight basis points later in the day.

The spread was well below that on the Kingdom of Sweden's bonds, which was now at 20 basis points over comparable OATs compared with 24 basis points at the launch on March 8.

Syndicate managers said the tighter spread on KfW's bonds reflected the smaller amount on offer, as well as the borrower's triple A credit rating and its rarity value among investors.

Lafarge Coppée, the French building materials giant which announced its 1992 results on Wednesday, also raised FFr1bn through an issue of seven-year Eurobonds. An official at the lead manager, CCF, said that the unrated borrower was taking advantage of the lowest interest rates in France since 1987.

He said that the all-in cost to the borrower was 8.175 per cent. However, he did not expect many more domestic corporate borrowers to tap the market ahead of the forthcoming French elections.

Lafarge's bonds were priced to yield 8.10 per cent or 85 basis points over the 8½ per cent OATs. They were not freed to trade by the close of business.

Elsewhere, the Bank of Tokyo's Y50bn convertible bond issue, the largest-ever launched in yen, was well received by investors. The price of the bonds rose to 102 bid by yesterday afternoon, up from an issue price of par.

An official at Morgan Stanley, the lead manager, said the healthy appetite for the bonds reflected the recent strength of the yen and the lack of supply by Japanese companies.

The issue marked the first capital-raising programme by a Japanese bank to be placed solely with European investors. The bonds will count as upper tier two capital until they are converted, at which point they will count as tier one capital.

The proceeds from the issue will raise the bank's capital-to-asset ratio, under rules set by the Bank for International Settlements, by 0.23 per cent to 9 per cent.

Japanese banks have been criticised in the past for placing subordinated and perpetual debt with their own affiliates and companies with strong business ties. The ministry of finance has recently advised Japanese securities houses to cultivate invastors outside Japan.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Crédit Local de France(a)‡	100	(a)	100	Apr.2005	0.5/0.25	Kidder Peabody Intl.
Dresdner Bank(b)‡	100	(b)	100	Apr.2003	0.5/0.25	Lehman Brothers/Dresdner
Council of Europe(c)‡#	100	(c)	99.95	Apr.2000	8.5/0.25	Morgan Stanley Intl.
Czech National Bank(d)	75	7	99.83	Apr.1996	1.125/0.875	Nomura International
YEN						
Daiwa PB(e)‡#	20bn	(e)	100	(e)	-	Daiwa Bank/ Nomura Intl.
D-MARKS						
World Bank(f)‡	200	(f)	100	Apr.2003	8.2/0.1	Commerzbank
Morinin Co.(g)‡+	20	(g)	100	Mar.1997	-	Tokai Bank (Deutschland)
FRENCH FRANCS						
Lafarge Coppée	1bn	8	101.005	Apr.2000	1.875/1.25	CCF
KfW International Finance	1bn	zero	48.15	Jul.2003	0.2/0.1	Crédit Lyonnais
STERLING						
Alliance & Leicester BS(h)	75	9.75	101.177	Apr.2008	2.5/1.875	Baring Brothers & Co.
SWISS FRANCS						
Steierische Wasserkraft	100	4.75	102	Apr.2003	-	UBS

Final terms and non-callable unless stated. +Private placement. ♦With equity warrants. ‡Floating rate note. #Semi-annual coupon. a) Coupon pays 6-month Libor - 0.1875%; minimum 5%, maximum 8%. b) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. c) Coupon pays (0.5 × the 10 year CMT) + 1.6%; minimum 5%. d) Issue launched on 3/3/93 was increased to $375m. e) Undated subordinated issue. Coupon pays the long-term prime rate - 0.1% for the first 5 years, + 0.1% for years 6-10 and + 0.6% thereafter. Callable on any coupon payment date from Mar.98 at par. f) Coupon pays 6-month Libor + 0.25%; maximum 7.25% after 2 years. 20,000 floor certificates sold separately at DM695 each pay the difference between 7% and 6-month Libor. g) Coupon pays 6-month Libor + 0.45%. h) Callable after 5 years at the higher of par or a price equivalent to the yield on the 9% Treasury due 2008.

The Alliance & Leicester Building Society returned to the international bond market after an absence of two years with a a £75m, 15-year Eurobond issue.

The bonds were priced to yield 155 basis points over comparable UK government bonds and the spread was unchanged after the bonds were freed to trade.

Meanwhile, the newly-rated Czech National Bank increased its $300m three-year issue, launched last week, by a further $75m. On Wednesday, Moody's, the US credit rating agency, assigned an investment grada rating of Baa3 to the borrower.

The new tranche was priced at 99.85 to yield 260 basis points above comparable US Treasuries, in line witb the yield on the outstanding bonds. The original issue bad been priced at 99.83 to yield 272 basis points over US Treasuries on Monday.

First Matif contracts to be listed on Globex

By Tracy Corrigan

THE FIRST Matif contracts – its three-month Pibor and Ecu bond futures and options – are to be listed on Globex, the electronic futures trading system, from today. Backers of Globex are hoping that the addition of products listed on the Matif, the French futures exchange, and the link-up of 80 terminals in Paris, will help boost trading volume on the system.

Trading on Globex of the more active French government bond futures will start in two weeks, and the CAC-40 index future will be listed in a month.

Globex, the after-hours system developed by the Chicago Mercantile Exchange, the Chicago Board of Trade and Reuters, currently trades just under 3,500 contracts per day, with 300 screens worldwide.

Initially, Matif products cannot be traded on Globex screens in the UK as the Department of Trade and Industry has not yet accepted the Matif as a recognised investment exchange. Further, the necessary bilateral agreements on cross-exchange access for trading in the US have not yet been completed. An official at the Matif said CME and CBOT members should have access to Matif products in the next few days.

The Matif is abolishing its current after-hours telephone trading system, known as THS (Transactions Hors Séance), which currently accounts for about 12 per cent of volume. An official at Globex said he boped as much as half this volume would shift to Globex.

Globex received formal approval to trade in Japan last month, but, according to a Reuters official, only a couple of terminals have been installed so far, with 25 more on order. The first screens in Hong Kong are being linked up this month, while screens in Geneva will be added in April.

Since the launch of the system last June, volume in the CME's Eurodollar contract has accounted for 37 per cent of trading while the CBOT's T-bond contract had made up 27 per cent of volume.

Bell Atlantic cuts stake in Telecom NZ

By Tracy Corrigan

BARCLAYS de Zoete Wedd has bought 109m shares in Telecom Corporation of New Zealand, worth around NZ$297m ($156m), from Bell Atlantic Holdings, reducing Bell's stake by 4 percentage points to just under 30 per cent.

The New Zealand government sold Telecom NZ to the local subsidiaries of two US telecommunications companies, Bell Atlantic and Ameritech, in 1990, with the requirement that they should reduce their joint holding to under 50 per cent by September 1994 (recently extended from September 1993).

BZW is distributing the shares to investors in Europe and elsewhere, in conjunction with ABN Amro and Caisse des Depôts.

● Nomura Securities will open a branch in the Japanese city of Akashi, Reuter reports. The new branch raises Nomura's retail network to 149 outlets.

Profit-taking starts sharp slide of European prices

By Tracy Corrigan in London and Patrick Harverson in New York

EUROPEAN government bond prices slid sharply yesterday, as markets suffered from a bout of profit-taking, following strong gains posted by most markets earlier this week.

GOVERNMENT BONDS

Worries about the political situation in Russia, as President Boris Yeltsin's leadership came under further pressure yesterday, fed through into Europe's bond markets.

"The gut reaction of traders to political instability in Russia is to buy the dollar. A strong dollar is seen as capping the potential of the bund market," said one trader.

Bund prices slid about ¾ point yesterday, following recent gains, but dealers said underlying confidence in the market remained strong, with expectations of further easing of rates still intact.

The bund future on Liffe ended at 96.61, down from a closing price of 96.85 on Wednesday.

French bond prices also lost ground, in line with the German market, reversing most of Wednesday's gains.

■ THE UK gilts market performed particularly poorly yesterday, as investors shied ahead of next Tuesday's budget compounded broader worries.

Dealers reported switching out of long-dated gilts in favour of the short and of the market, resulting in a steepening of the yield curve.

Dealers said investors were also taking profits, following the market's strong run. "Investors are still reasonably bullish on the market, but they want to take a more defensive position ahead of the budget," according to one analyst.

The latest CBI survey, seen by some analysts as showing that cost increases are starting to filter through into prices, helped depress the market.

FT FIXED INTEREST INDICES

	Mar 11	Mar 10	Mar 9	Mar 8	Mar 5	Year ago	High*	Low*
Govt.Secs(UK)	97.59	97.86	97.98	98.04	97.71	86.74	98.04	85.11
Fixed Interest	113.73	113.75	113.71	113.83	113.14	99.89	113.83	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Mar 10	Mar 9	Mar 8	Mar 5	Mar 4
Gilt Edged Bargains	126.7	131.1	140.7	134.9	122.8
5-Day average	131.3	134.1	135.5	137.4	132.5

* SE activity indices rebased 1974

The long gilt future on Liffe ended at 105$\frac{9}{32}$, down from Wednesday's close of 106$\frac{1}{32}$.

■ SCANDINAVIAN markets were helped by some positive news yesterday. Sweden was cbeered by news tbat tbe chances of an early election had lessened when the minority government won backing for its economic policy.

In Norway, the central bank cut its key overnight lending rate by ¼ point to 8¾ per cent, after a ¼ point cnt last week. Tbe overnigbt rate bad reached 25 per cent in November.

■ US TREASURY prices remained trapped in a narrow trading range yesterday morning in tbe wake of a mixed set of fresb economic data.

By midday, the benchmark 30-year government bond was down $\frac{1}{8}$ at 104$\frac{31}{32}$, yielding 8.748 per cent. At tbe short end of the market, the two-year note was up $\frac{1}{32}$ at 99$\frac{29}{32}$, to yield 3.979 per cent.

Tbe day's main economic news coocerned the labour market and retail sales. Tbe latest measure of weekly jobless claims showed tbat the number of people claiming state unemployment insurance jumped 25,000 in the final week of February, a mucb larger increase than expected.

The implication of the claims figures (whicb immediately cast doubt on the recent strong February employment report) was that the jobs market remains depressed in spite of a growing economy. Yet any boost to Treasury prices from the data was offset by the news that retail sales last month rose a stronger-than-forecast 0.3 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	115.8665	+0.588	7.64	7.85	8.78
BELGIUM		8.000	03/03	112.5350	+0.100	7.20	7.45	7.80
CANADA *		7.250	06/03	98.6000	+0.200	7.45	7.17	7.86
DENMARK		8.000	05/03	99.2700	-0.630	8.10	8.30	8.78
FRANCE	BTAN	8.000	05/98	103.8250	-0.225	7.08	7.44	7.76
	OAT	8.500	04/03	108.2000	-0.280	7.32	7.37	7.77
GERMANY		7.125	12/02	104.3500	-0.330	6.50	8.59	7.02
ITALY		12.000	05/02	96.7400	-0.330	13.00†	13.05	12.97
JAPAN	No 119	4.800	06/99	104.8041	+0.061	3.85	3.79	4.03
	No 145	5.500	03/02	110.3880	+0.364	3.94	3.91	4.24
NETHERLANDS		7.000	02/03	103.9400	-0.190	6.44	6.55	6.99
SPAIN		10.300	06/02	94.3750	-0.095	11.29	11.68	11.43
UK GILTS		7.250	03/98	103-00	-	6.55	6.61	6.77
		8.000	06/03	52-26	-16/32	7.59	7.84	8.04
		0.000	10/08	107-13	-27/32	8.15	8.19	8.60
US TREASURY *		6.250	02/03	102-08	+4/32	5.84	5.76	6.33
		7.125	02/23	104-31	+13/32	6.74	0.70	7.20
ECU (French Govt)		8.000	04/03	108.7000	-0.230	7.48	7.66	8.08

London closing *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on March 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	45	25
Other Fixed Interest	7	8	0
Commercial, Industrial	296	269	850
Financial & Property	145	117	531
Oil & Gas	17	14	52
Plantations	0	2	6
Mines	39	17	81
Others	41	35	55
Totals	552	507	1,600

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt. Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	102½	98	For & Col US Smllr Co's	102½		-	-	-	-
-	F.P.	-	44	30	Do. Warrants	41		-	-	-	-
51	F.P.	-	75	52	Intl. Food Machinery	72		-	-	-	-
-	F.P.	-	95	91	♦Merlin Intl Units	95		H3.4	-	4.8	-
§210	F.P.	-	280	262	Motor World	278		R6.3	2.5	3.0	17.3
-	F.P.	-	98	84	New City & Comml. Inv	92		-	-	-	-
-	F.P.	-	28	18	Do. Warrants	25		-	-	-	-
100	F.P.	-	100	98	Pilot Inv. Trust	99		-	-	-	-
-	F.P.	-	28	21	Do Warrants	27		-	-	-	-
100	F.P.	-	104	102	Schroder Split Fd Inc	104		M6.75	-	8.7	-
20	F.P.	-	21	19	Do. Cap.	21		-	-	-	-
100	F.P.	-	100¼	99	Do. Zero Div. Pf.	100½		-	-	-	-
110	F.P.	-	141	136	Yorkshire Food	138		W2.88	2.6	2.8	16.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	115p	102½p	Airtours 6¾p (Net) Cv. Pf. (ex-div)	114½p	
100p	F.P.	-	121½p	113½p	Bristol Water 8¾pc Pf.	121½p	
100p	F.P.	-	112¼p	105¼p	Commercial Union 8¾pc Cm. Pf.	112p	-¼
100	F.P.	-	114¼	108½	NFC 7¼pc Cv. Bd 2007	108½	-1
60p	F.P.	-	60p	54p	Merlin Intl. Green Zero Prf.	59¼p	+½

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
95	Nil	23/4	27pm	22pm	Victors	27pm	
16	Nil	2/4	6pm	4½pm	WHS Group	5½pm	
330	Nil	18/5	5⁶pm	34pm	Yorkshire Chemicals	54pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. ¶ Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ¶ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

● First Dealings March 8
● Last Dealings March 19
● Last Declarations June 17
● For settlement June 28

3-month call rate indications are shown in Saturday editions.

Calls in Alexon, Alvis, Amstrad, ASDA, Avesco, BM Group, Compass, Gresham Telecmptg., Medeva, Nurdin & Peacock, Peek, A. Proudfoot and Queens Moat Hses. Doubles in Aran Energy, Lloyds Chemists and Queens Moat Hses.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Al'd Lyons (*576)	550	38	50	60	6	24	32
	600	10	24	35	32	55	60
ASDA (*70)	67	6½	12	13½	2½	5½	[illegible]
	76	3	8	10	8½	11	[illegible]
Brit. Airways (*297)	280	23	31	36	6	18	[illegible]
	300	11	21	26	15	28	[illegible]
Boots (*513)	500	25	38	47	10	26	[illegible]
	550	5	16	26	42	67	[illegible]
SmKl Bchm A (*491)	460	39	54	63	5½	10	[illegible]
	500	12	31	42	20	36	[illegible]
B.P. (*285)	280	14½	25	28	7	16	[illegible]
	300	5½	14½	21	19	27	[illegible]
British Steel (*89)	80	10	15	19	2	6	[illegible]
	90	5	11	14	5½	11	[illegible]
Bass (*574)	550	36	52	64	6½	22	[illegible]
	600	10	27	40	30	46	[illegible]
C & Wire (*722)	700	38	60	72	12	31	[illegible]
	750	14	34	48	36	60	[illegible]
Courtaulds (*602)	600	26	42	53	16	36	[illegible]
	650	7	21	32	48	60	[illegible]
Com. Union (*610)	580	42	62	67	5	15	[illegible]
	629	12	33	39	26	38	[illegible]
Fisons (*208)	200	20	28	36	8½	21	[illegible]
	220	9	19	28	21	33	[illegible]
GKN (*480)	460	24	37	42	20	35	[illegible]
	500	5½	19	35	29	38	[illegible]
Grand Met. (*478)	460	28	43	48	8	19	[illegible]
	500	6½	23	34	32	43	[illegible]
I C I (*1262)	1250	28	69	84	57	84	112
	1300	13	46	64	93	115	140
Kingfisher (*546)	535	27	43	53	12	29	[illegible]
	584	7½	21	30	40	60	[illegible]
Ladbroke	200	8½	17	22	13	19	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar (*79)	83	3½	7½	11	7½	10½	13
Utd. Biscuits (*384)	360	27	32	41	7½	17	21
	390	7½	18	26	26	33	37
Unilever (*1247)	1200	55	80	105	15	35	46
	1250	21	53	77	39	63	73

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*280)	260	41	53	65	16	25	35
	280	30	42	54	25	34	44
BAA (*800)	800	32	46	59	28	43	52
	850	13	26	40	60	75	82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*411)	390	23	36	45	5	17	25
	420	4½	21	30	22	32	43
Blue Circle (*215)	200	19	26	32	2	15	17
	220	6	15	23	10	24	29
British Gas (*310)	300	14½	20	24	2½	12	15
	330	2	6½	12	20	30	33
Dixons (*234)	220	18	29	34	4	11	19
	240	6½	19	25	12	21	30
Eurotunnel (*485)	460	35	58	75	10	29	42
	500	11	37	55	30	50	63

March 11 Total Contracts 48,414
Calls 36,112 Puts 12,302
FT-SE Index Calls 3,678 Puts 4,592
Euro FT-SE Calls 9,055 Puts 105
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Thu Mar 11	Day's change %	Wed Mar 10	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.87	+0.03	129.83	2.88	1.98
2	5-15 years (22)	150.40	-0.26	150.79	1.84	3.03
3	Over 15 years (8)	158.47	-0.78	159.72	0.65	3.10
4	Irredeemables (6)	181.73	-0.33	182.33	2.58	1.48
5	All stocks (60)	146.09	-0.25	146.46	1.77	2.66
	Index-Linked					
6	Up to 5 years (2)	183.90	-0.03	183.95	0.23	1.51
7	Over 5 years (12)	172.94	-0.02	172.97	0.62	1.14
8	All stocks (14)	173.26	-0.02	173.29	0.57	1.19
9	Debs & Loans (67)	129.44	-0.65	130.29	2.14	2.24

	AVERAGE GROSS REDEMPTION YIELDS		Thu Mar 11	Wed Mar 10	Year ago (approx.)
	British Government				
1	Low	5 years	6.51	6.51	9.10
2	Coupons	15 years	7.65	7.56	9.43
3	(0%-7¾%)	20 years	7.93	7.84	9.43
4	Medium	5 years	6.78	6.77	9.77
5	Coupons	15 years	8.14	8.06	9.54
6	(8%-10¾%)	20 years	8.32	8.23	9.49
7	High	5 years	6.95	6.94	10.00
8	Coupons	15 years	8.36	8.29	9.66
9	(11%-)	20 years	8.45	8.38	9.58
10	Irredeemables (Flat Yield)		8.38	8.34	9.62
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.02	2.00	3.63
12	Inflation rate 5%	Over 5 yrs.	3.44	3.44	4.44
13	Inflation rate 10%	Up to 5 yrs.	1.20	1.18	2.99
14	Inflation rate 10%	Over 5 yrs.	3.27	3.26	4.26
15	Debs &	5 years	8.49	8.43	11.02
16	Loans	15 years	9.23	9.14	10.78
17		25 years	9.46	9.38	10.62

Sales boosted by six months' contribution from Dowty

TI suffers 17% fall to £87.4m

By Richard Gourlay

TI, the specialist engineering company which last year bought Dowty, the aerospace group, reported a 17 per cent fall to £87.4m in full-year pre-tax profits using the new FRS 3 accounting standard.

Stripping out the effect of a £20m non-cash provision for the loss on the sale of discontinued operations, profits rose marginally from £105.2m to £107.8m. Sales were up 28 per cent at £1.15bn after taking in a six months contribution from Dowty.

Sir Christopher Lewinton, chairman and chief executive, said Dowty would still only marginally dilute earnings in 1993, as projected at the time of the hostile bid.

Dowty's polymer division had performed better than expected and had broadly offset the weakness in the aerospace market.

Earnings after the provision for the sale of Thermal Equipment, fell to 15.4p (22.4p). Mr Michael Garner, finance director, said "normalised" or headline earnings fell to 18.3p (22.4p). Only 1p of this decline was due to the Dowty acquisition; the balance was due to the deterioration in the rump of TI's original businesses.

Lydia van der Meer

Sir Christopher Lewinton: two established world leaders

A final dividend of 7p makes a 10.7p (10.25p) total.

Sir Christopher said TI had two well established world leaders in John Crane (seals) and Bundy (specialised tubes) and Dowty (aerospace) had the potential to become a leader.

Balance sheet gearing rose from 15 per cent to 87 per cent for a number of reasons, including substantial write-offs on Dowty and a one-off charge to reserves to account for the full cost of post-retirement health care programmes, mainly in US businesses.

Net borrowings were £233m, after £95.4m of exchange translation on debt held largely in dollars. Interest cover, assuming Dowty's debt was included for a full year, would be about 10 times.

John Crane continued to perform strongly, with profits of £47.3m and organic growth of 13 per cent. Bundy grew 11 per cent organically to £38.4m. Profits in rump specialist engineering businesses fell 62 per cent to £4.1m.

● COMMENT

You can quibble about the headline gearing figure – though TI has not assets unrealistically low after years of goodwill write-offs – and one can question the absolute level of US debt and the extent of interest rate arbitrage across the Atlantic, but Crane and Bundy have both shown their quality by thriving in recession and, given projections for air travel, aerospace has to be a good long-term business. TI has suffered from worries over the integration of Dowty. It may continue to suffer for a while, so that pre-tax profits of £132.5m, giving 18.6p of normalised earnings and a prospective multiple of 17, may be a correct level. Longer term, TI has to be seen as a quality stock.

Brabant hits out at Aberdeen's hostile bid

By Peggy Hollinger

BRABANT Resources, the oil and gas explorer, yesterday attacked the hostile takeover bid from fellow USM oil group Aberdeen Petroleum as a desperate attempt to revive declining production.

"Aberdeen brings nothing to the table except a ravenous hunger for Brabant's production and cash flow," the group said in its defence document published yesterday.

Aberdeen's production bad fallen by 11 per cent in 1992, the document stated, while Brabant's had been 52 per cent higher.

High overheads had also squeezed profits at Aberdeen, which has most of its assets in North America and a head office in the UK. Brabant said Aberdeen's overheads averaged at 27 per cent of sales for the last three years, while its own costs were running at less than 10 per cent.

Brabant also accused Aberdeen of wasting £400,000 in shareholders funds to launch the hostile bid.

Aberdeen, for its part, rejected Brabant's comparison of overheads. The predator claimed that Brabant had capitalised a substantial proportion of overhead in recent years.

"If Brabant had adopted Aberdeen's own prudent accounting policies," Mr David Hooker, managing director said, "it would have reported a loss of over £800,000 for the year, as opposed to a £366,000 pre-tax profit."

Packaging activities leave Blagden lower

By Roland Rudd

BLAGDEN INDUSTRIES, the packaging and chemicals group, suffered a 29 per cent fall in pre-tax profits to £7.63m for the 53 weeks to January 3.

The directors said the the packaging division had been adversely hit by recession. The result was foreshadowed in November when the group issued a gloomy trading statement.

Sales improved from £218.3m to £229.8m.

Operating profits from international packaging fell from £8.6m to £7.2m while those of UK packaging declined from £3m to £1.7m. The industrial protective equipment operations experienced a downturn in profits from £852,000 to £677,000. Chemical activities bucked the trend with a rise to £3.6m (£3m).

Net interest charges rose to £3.3m (£2.8m) reflecting increased rates on the group's foreign currency debt. Borrowings increased to £34.6m (£25.2m), mainly because of foreign currency conversion and increased capital expenditure. Gearing rose to 50 per cent (36 per cent).

An exceptional charge of £606,000 related to reorganisation costs.

Earnings per share fell to 7.2p (14p), partly because of the higher tax charge relating to the larger write-offs of advanced corporation tax.

The final dividend is maintained at 5p making an unchanged total of 9.5p.

SFO probe into the affairs of Norton

By Jane Fuller

THE SERIOUS Fraud Office has launched an investigation into transactions involving Norton Group, the motorcycles and engineering company which has been severely criticised in a Department of Trade and Industry report.

It is understood that the SFO inquiry will focus on the £8.2m acquisition of a German company, which profited the family of chairman Mr James Tildesley, and the rights issue which funded that deal.

The DTI report, published yesterday, criticised the men who ran Norton between 1987 and 1990 and their advisers. The DTI is considering disqualifying certain of the directors from managing any other company.

The inspectors say: "The management of the company was conducted in a very unsatisfactory manner." They blame Mr Philippe Le Roux, chief executive, for much of the deficiencies.

They pick out several points of concern in the 1990 FUS acquisition, including:

● The obvious conflict of interest between Norton and its chairman. "From the outset, Mr Tildesley seems to have planned for a profit out of this transaction, first for himself and later... for his children's trusts", which were the vendors of FUS.

The inspectors put the profit at £1.9m, although they say £725,000 should be deducted to allow for sums unrecovered from Norton by Mr Tildesley.

● The involvement of Mr Le Roux's company Manstorm in the sub-underwriting of the 1990 rights offer.

The directors of Manstorm were Mr Le Roux and his mother Mrs Fylippe Cumming. Mr Le Roux resigned from Norton after failing to pay £195,000 to an agent who purchased the company's shares for him.

TC Coombs, stockbroker, which went into receivership, underwrote the £7.5m issue. Manstorm snb-nnderwrote £1.75m. The inspectors say: "That company had no assets to meet snch a liability."

They also criticise a "comfort letter" from Blyth Dutton, Norton's solicitors. It wrongly gave Coombs the impression that Manstorm could meet its liabilities. The letter was written by Mr Peter Hooper, who was also Norton's company secretary.

The circular to shareholders about the FUS acquisition had many deficiencies, according to the inspectors.

They also raise qnestions abont Norton's merger with Minty, the furniture and property company.

A variety of financial advisers, accountants, surveyors and lawyers are criticised in the 240-page report, which has been sent to the relevant professional bodies as well as the Stock Exchange. Norton'a financial adviser was Robert Fleming and its auditors Hacker Young.

The inspectors were Mr Richard George Bramwell McCombe and Mr John Kenneth Heywood, of accountants Price Waterhouse.

Institutional influence holds the balance

Richard Gourlay on the bid for Owners Abroad

RARELY HAS a takeover battle gone so close to the wire or its outcome been so dependent on one shareholder than in Airtours' £289m bid for rival holiday group, Owners Abroad.

As the offer approaches its closing date next Tuesday, Mercury Asset Management, a 14.2 per cent shareholder, seems to hold the key.

But even if, as seems likely, MAM decides to back Airtours, the outcome of the bid is finely balanced.

Owners Abroad's directors, combined with loyal shareholders who always stick with the prey, control enough to make even the smallest institutional vote count.

Yesterday's purchase by Airtours of 4 per cent of Owners Abroad shares in the market was less than it wanted and will not be enough to secure the bid.

Perhaps the most tantalising factor that might swing shareholders behind Airtours, is the prospect of a re-rating of the sector.

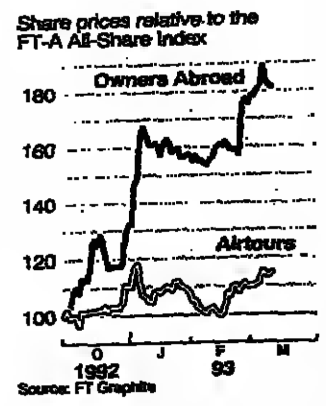
Such has been the ease of entry into the holiday business, the alacrity with which market leader Thomson has unleashed price wars and the disloyalty of price-conscious consumers that the stock market has rarely granted the sector a price earnings rating in double figures.

But an enlarged Airtours could have sales of £1.2bn, net assets of more than 140m, a huge chest of cash and pre-tax profits of £100m.

Against such a force, Thomson might initiate an immediate noisy skirmish, but could well give up trying to remain double the size of its nearest competitor, settling down instead to enjoy the spoils of shared market domination.

That could bring greater stability and predictability of earnings. After numerous holiday company failures in recent years, this prospect might have figured large in Mr Michael Heseltine's decision not to refer the bid to the Monopolies and Mergers Commission. Airtours could then rise to the heady heights of an average market rating.

Share prices relative to the FT-A All-Share Index



Source: FT Graphite

Certainly Mr David Crossland, Airtours' chairman, has displayed his deal-making instincts and been less than generous. If he wins, Owners shareholders will have been taken out on an exit multiple of 10 times prospective earnings. But that should not necessarily be a reason to let Owners Abroad off the hook.

Mr Howard Klein, Owners Abroad's chairman, says Owners made one mistake in the pricing of its first summer 1992 brochure. Owners' share price suffered and Airtours pounced.

While this is partly true, there are fundamental differences in the way in which the companies operate which suggests that Owners could have been more tightly run.

Owners' 1992 profit margin at less than half that of Airtours may be explained by the pricing error. But according to stockbrokers Hoare Govett, Airtours has a considerably lower fixed cost base and more productive employees.

Owners has also failed to convince some institutions that it has adopted the right philosophy for what is, undoubtedly, a respected charter airline, Air 2000.

Owners has built a large airline and sells its spare capacity in the market.

By contrast Airtours, like Thomson, has chosen to have a fleet size dictated hy the maximum winter requirement. It has, as Mr Crossland says, "kept the kerosene away from the veins" and kept the airline as a transport division of the holiday company.

Even Owners Abroad's strongest card – its proposed commercial link up with Thomas Cook, the travel agency and its German sister company, the tour operator LTU – has failed to excite some of the larger shareholders.

Owners claims the benefits would be substantial. But Thomas Cook's conditional tender offer for 12.5 per cent of the shares at 150p each, 6p below the current value of Airtours' share offer, probably weakened Owners' defence by appearing so diffident.

So does Mr Crossland lead a team that could manage the integration? He has shown an unparallelled market instinct in building Airtours almost entirely through organic growth. Putting the two companies together would require different skills.

Owners shareholders that accept the offer are making a leap of faith. A considerable springboard for that leap comes from the skewed nature of holiday company profits.

Nobody will be fooled by the sharp jump in earnings that will follow Airtours absorbing all of Owners 1993 summer profits, but none of its winter 1992-93 losses.

But next year, Airtours has scope to reduce Owners aircraft fleet – or more importantly excess winter capacity – thereby attacking the source of greatest potential losses.

And Owners Abroad's point that Airtours might in two years' time have started to find it increasingly tough to achieve organic growth is not the issue now for Owners shareholders.

With the Airtours share price consistently rising, the market appears to be saying that the bid will succeed. If it does, Airtours' new shareholders must steel themselves.

Almost the first thing they will see splashed across the newspapers, is an announcement of the annual summer holiday price war. To many this might seem that the management of their company is being remarkably cavalier with their precious profit margins. They hava to decide whether to risk this bumpy ride.

Eurocamp shares tumble 65p

By Maggie Urry

EUROCAMP, the camplng holiday group, yesterday warned that UK bookings for the summer season were 20 per cent down on this time last year. The shares fell 65p to 259p.

Mr Tom Neville, chairman, told shareholders at the annual meeting that Eurocamp was now planning on strong late hookings and "conld still achieve a final profits figure only a little below that recorded in 1992".

Pre-tax profits were £9.4m in the year to October 31.

However, he warned that without this improvement in booking volumes, "a somewhat larger reduction in profits could arise".

Mr Neville said inw consnmer confidence had depressed the market. The pound's fall against the French franc had affected demand for Eurocamp's holidays which are mainly in France.

Bookings from customers in the Netherlands and Germany had heen disappointing since the new year, be said, with Dutch bookings flat and German bookings up 5 per cent.

Mr Richard Atkinson, managing director, said it was premature to talk about the current year dividend, which totalled 9.75p last year.

He said the group aimed to achieve occupancy rates similar to last year's level, wlth some adjustment to capacity.

There would he some squeeze on margins, although a lot of Eurocamp's costs varied with numbers of holidays sold.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abbeycrest	fin	2	May 31	2	3.2	3.2
Assoc Brit Ports	fin	5.25	-	4.9	8.5	8
Bailey (Ben)	int	0.25	May 20	0.3	-	0.55
Blagden	fin	5	Apr 30	5	9.5	9.5
BTR	fin	10.25	May 28	9	18	16.5
Castle Comms §	int	4	July 5	4	-	8.5
Christies Intl	fin	1	May 12	1	1.5	3.3
Clarke (T)	fin	2.81	May 10	5.292	4.07	6.552
EFT	fin	0.9	Apr 30	0.77	1.3	1.1
Enterprise	fin	9.5	June 1	9.25	18	15.75
Foreign & Colon	fin	2.23	Apr 15	2.12	3.35	3.19
Kode Intl	fin	4†	May 13	3	5.5	4
Lloyds Chemists	int	2	June 11	1.55	-	5.55
Logica	int	1.25	Apr 29	1.15	-	3.65
Manders	fin	6.4	May 15	5	9	7
Pentland	fin	1.46	July 1	1.312	2.5	2.25
Pochin's	int	8	Apr 19	8	-	29
Refuge	fin	21.9	May 25	20	31.5	29
Rolls-Royce	fin	2.45	July 5	4.7	5	7.25
RTZ	fin	13.5	July 1	13.5	19.5	[illegible]
Sanderson Murray	fin	1.4	May 1	1.4	2	2
Sirdar	int	1.65	May 4	1.65	-	5.15
Smith & Nephew	fin	2.82	July 6	2.69	4.62	4.44
TI	fin	7	May 27	6.75	10.7	10.25

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Bolton, Headway, Walker (Thomas).
Finals- Church, Cussins Property, Forward Technology, Heywood Williams, ISA Intl, Jones (A), Victaulic.

FUTURE DATES

Interims-	
Bennett & Fountain	Mar. 19
Finals-	
APV	Mar. 25
BPP	Mar. 15
British Mohair	Mar. 17
Central ITV	Mar. 31
Daniels (S)	Mar. 17
Dawsongroup	Mar. 25
Dinkie Heel	Apr. 5
EBC	Mar. 30
Edinburgh Fund Managers	Mar. 29
Emess	Mar. 16
Geest	Mar. 24
Haden MacLellan	Mar. 19
Hornby	Mar. 19
IOM Steam Packet	Mar. 19
Johnston Press	Mar. 24
Kynoch	Mar. 22
Mayflower	Mar. 30
Scholl	Mar. 31
Ulster TV	Apr. 2
WSP	Mar. 17

COMPANY NEWS: UK

Enterprise Oil falls 21% but raises dividend

By Deborah Hargreaves

ENTERPRISE OIL, one of the UK's leading oil exploration and production companies, raised its dividend slightly yesterday in spite of a 21 per cent fall in 1992 after-tax profits from £110.5m to £87m.

The company increased its dividend – for the sixth consecutive year – by 1.6 per cent to 16p (15.75p).

Profits came out at the high end of analysts' expectations, but were buoyed by some £30m of after-tax gains from asset disposals.

Mr John Walmesley, finance director, said the company had put a focus on its financial performance last year and, as a result, halved its exploration spending, sold some assets and cut its headquarters staff by about 30.

The curtailment of the exploration programme waa reflected in the drop in the company's oil and gas reserves from 948.3m barrels to 907.4m barrels, which disappointed some analysts.

"We now have an attractive mix between the financial and the physical side of the company," said Mr Walmesley. "Those exploration prospects haven't gone away." Oil production rose to an average of 145,813 barrels a day last year.

Exploration spending will increase this year to £80m, against £74m, which had dropped from £116m in 1991. Altogether Enterprise's capital expenditure budget for last year was lower at £450m (£470m).

The company's Scott and Nelson fields in the North Sea are due to come on stream this year and next, which will boost production to 250,000 b/d by 1994.

Enterprise holds a 10 per cent stake in the discovery announced this week of 440m barrels of oil in the Norwegian Sea – Norway's biggest oil find for eight years. About 26m barrels of oil from the find are likely to accrue to Enterprise after clawbacks.

Profits before tax in 1992 were £144.9m (£114.4m) and earnings per share came to 18.5p (24.5p). Turnover reached £538m (£488m). Gearing was approximately 45 per cent.

● COMMENT

Enterprise's oil output is set to peak in 1995 once its two most recent North Sea fields enter production, and after that it will tail off. The key issue for the City right now is the management's ability to grow the company beyond that point. Enterprise insists it has the financial firepower to buy production assets that will offer good growth towards the end of the decade – but the City is looking for news of an acquisition in the next 18 months. Enterprise's management has done very well at finding oil in the past, but a note of caution was sounded with yesterday's results, when the company failed to replace its reserves for the first time in several years. City expectations are already built into the share price which is trading at an 11 per cent premium to net asset value and any increase in price does not look justified at present. The shares are now resting on the City's faith in Enterprise's management.

ADT back in the black with $109m

By Richard Gourley

ADT, the US-based security and auctions business, yesterday reported a $109.1m (£76.8m) net income in 1992, reporting for the first time under US GAAP.

The figure compared with a loss in 1991 of $514.3m, struck after $564.4m of "unusual items", related to items like the refocusing of the business on the two core businesses and the write-off of goodwill on the acquisition of Britannia Security.

Earnings were 80 cents but would have been in line with market expectations of $1.06 had the results been reported as previously under UK GAAP.

ADT said it was changing to US GAAP as most of the common shareholders were now in North America. The company said it expected to make announcements regarding a refinancing during the second quarter of the year.

Most of ADT's syndicated bank debt falls due in the second half of 1994 and the company expects its convertible redeemable preference shares will be presented for redemption during the same period.

Mr Michael Ashcroft, chairman and chief executive, said electronic security and auctions businesses had both performed up to expectations.

Auctions sales rose 3.6 per cent to $342.8m, but profits fell from $71.8m to $68.2m. Market conditions remained difficult in the US, where ADT is the second largest vehicle auctioneer, end in the UK, where it is the biggest. Sales in electronic services rose 2.3 per cent, but profits were 10 per cent higher at $141m.

Insider move favourite at BTR

By Andrew Bolger

THE ANNOUNCEMENT that Sir Owen Green, 68, is to step down as chairman of BTR in May has not ended speculation over the ultimate succession at the industrial conglomerate which he helped to build into one of Britain's most successful companies.

Sir Owen will be replaced by Mr Norman Ireland, 65, who has spent 24 years on the board of BTR – only four years fewer than the retiring chairman. BTR's rules mean that Mr Ireland can serve a maximum of three years as chairman, from when he takes over at the group's AGM.

Some observers see Mr Ireland's elevation as a disappointment for Mr Alan Jackson, the 56-year-old Australian who is chief executive. Mr Jackson was tipped as a possible successor to Sir Owen when he was brought over to the UK in 1991, after having built up BTR Nylex, the group's immensely profitable Australian business.

Since Mr Jackson arrived, BTR has outshone the market and competitors such as Hanson, the UK's other large, acquisitive conglomerats. BTR's progress has been helped by its successful integration of Hawker Siddeley, the stricken aerospace group which it snapped up for £1.55bn at the end of 1991.

A shy and sometimes prickly individual, Mr Jackson has not always shown the ease in dealing with the City which would be expected of the chairman of Britain's 12th biggest company. On first arriving in Britain, he made what he later described as the blunder of telling the press that he would be going for a big acquisition. "I've lived with that for nine bloody months," he said when finally launching the Hawker bid.

However, Mr Ireland's appointment may give Mr Jackson an opportunity to get to know shareholders better and add to his already formidable reputation as a manager of businesses and assets.

Mr Bob Faircloth, the 56-year-old Canadian who was made BTR's chief operating officer in 1991, could be being groomed for the role of next chief executive. He masterminded the Hawker integration process and seems to be taking a higher profile in dealings with the City.

Meanwhile BTR's immediate focus is on control of operations – and Mr Jackson, Mr Faircloth and Ms Kathleen O'Donovan, the 35-year-old appointed finance director in 1991 – comprise a strong and relatively fresh team.

Observers looking to the next generation of internal management talent point to Mr Roberto Quarta, the 44-year-old chef executive of BTR's sealing and controls group, who joined the board last month. His promotion came less than three months after the appointmeot of Mr Graeme Pearson, the 53-year-old managing director of BTR Nylex.

Their appointments reinforced the international character of of BTR's executive team. Out of seven executive directors, two are Australian, two are American and Mr Faircloth is a Canadian who has takeo US citizenship.

BTR could, of course, go outside the group when Mr Ireland retires. Sir David Nicholson did the job of chairman for 15 years until 1984. But the internal culture is strong - the group's seven executive directors have been with the group for an average of 18 years. When the time comes for Mr Ireland to step down, do not be surprised if a BTR insider fills his shoes.

Trevor Humphries
Alan Jackson: tipped as Sir Owen's successor as chairman when brought back from Australia

Christies' auction sales rise to £636m

By Peggy Hollinger

CHRISTIES International, the auction house, yesterday bolstered rumours of a revival in the world art market with its first rise in auction sales for two years.

Mr Christopher Davidge, group chief executive, said signs of a return in buyers' confidence were especially noticeable in the US. However, there had been few major collections from estates available for auction in recent months.

Mr David Tyler, finance director, said this meant the company was cautious about the outlook for the first half.

However, the current year would benefit from the recent increase in the buyers' premium charged in Christie's main locations.

In 1992 the value of auction sales increased by 9 per cent from £583m to £636m. The most expensive item was Canaletto's The Old Horse Guards, London, sold to Sir Andrew Lloyd Webber for £10.1m. Matisse's Harmonie Jaune sold for a record $14.5m (£10.2m).

Pre-tax profits rose 5 per cent to £6.7m (£6.36m), on turnover of £109m (£103m).

Strong increases were recorded in jewellery, oriental art, furniture, books and 19th and 20th century paintings. Some 69 lots sold for more than $1m, against 61 last time.

The pre-tax figure was struck after redundancy charges of £1.7m.

Earnings per share rose to 2.21p (2.12p). The final dividend is maintained at 1p for a reduced total of 1.5p (3.3p).

David Brown gets £70m price tag

Shares in David Brown Group, the gear and pump manufacturer which is coming to the market through an offer for sale and placing, will be priced on March 30 with dealings expected to begin on April 15.

The pathfinder prospectus, published yesterday, confirms that after the flotation the group is expected to have a market capitalisation in excess of £70m. The flotation is being sponsored by Barclays de Zoete Wedd, with de Zoete & Bevan brokers to the issue.

Last week the group announced increased pre-tax profits on continuing operations of £9.31m (£8.29m) in the year to January 29 on static sales of £81m (£80.5m).

ICI freezes pay of board and most top management

By Catherine Milton,

IMPERIAL Chemical Industries said yesterday it had frozen the pay of all its directors and most senior managers – about 200 worldwide – from January 1993.

Sir Denys Henderson, chairman, was paid £526,000 in 1992, a 5.4 per cent increase on the previous year. The company's employees generally received about 5.1 per cent.

The company said it felt the freeze was appropriate to current performance and market rates. ICI last month reported a £384m pre-tax loss for the year to December 31, following exceptional charges of £949m.

The level of all directors pay, including the chairman's, was set at the end of 1991 by a committee of non-executive directors. The company sets pay for senior managers.

Total pay for all ICI's directors fell in 1992 by more than 6 per cent to £2.8m, mainly because of the departure of Sir Patrick Meaney, who died, and the retirement of other senior directors. ICI said replacements would earn less.

The company plans to cut nearly half of its headquarters staff and may abandon its London headquarters at Millbank.

The Hay management consultants recently reported that directors in the UK were increasing their total pay at the rate of about 8 per cent, compared with about 13 per cent last summer.

● ICI's capital expenditure figures were mis-stated on March 3. Between 1981 and 1991, total capital spending was £7.6bn, of which £3.52bn was spent in the UK and £4.08bn abroad.

Write-down puts AB Ports in red

By Andrew Bolger

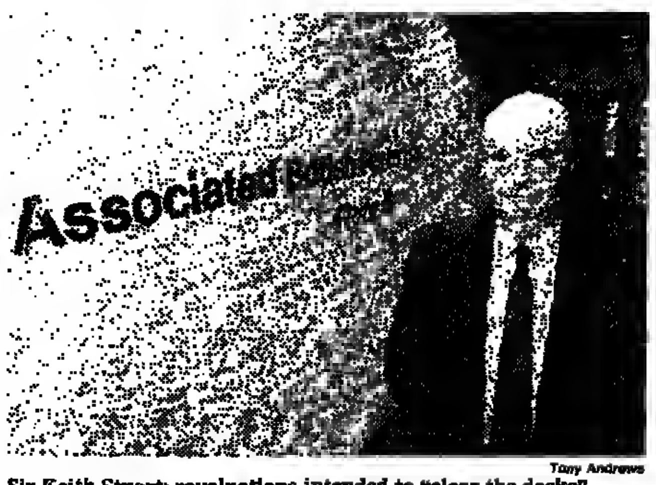
ASSOCIATED BRITISH Ports Holdings yesterday wiped out its annual profits by taking a provision of £83.6m against the drop in the value of its property development portfolio.

The write-down caused ABP to incur a pre-tax loss of £36.6m in 1992, compared with a profit of £31m last time.

Sir Keith Stuart, chairman, said the property revaluations were intended to "clear the decks." They had been specifically commissioned so as to remove uncertainty about the value of the group's property development portfolio, which had affected City sentiment. ABP shares closed 2p higher at 403p.

Sir Keith said that group properties had now been written down to their open-market value, independently assessed.

ABP said that the recession had continued to depress some of the higher-earning trades through the group's ports, with the result that second-half throughput and profitability were lower. Nevertheless, it described the ports' performance as resilient.



Tony Andrews

Sir Keith Stuart: revaluations intended to "clear the decks"

Ports and transport profits fell from £70.8m to £64.7m, before severance costs of £4m (£600,000). About 200 jobs were shed last year, reducing the number of group employees in the ports to 2,000.

Total tonnage last year was down slightly from 106m to 105m tonnes. Tonnages relating to the chemical and construction industries, such as fertilisers, cement and timber, were at reduced levels.

ABP said its larger ports performed particularly well, with another record level of tonnage at Immingham and Hull, and strong growth at Southampton.

Port-related property income was £20.1m (£18.5m). Profit from other property investments was £9.1m (£7.9m).

Net borrowings on the balance sheet of £349m (£332m) meant gearing rose from 55 per cent to 60 per cent. Off-balance sheet borrowings fell to £15m (£26m). The interest charge rose to £39.1m (£36.6m).

Losses per share were 14.3p, compared with earnings of 12.4p in 1991. Nevertheless, the board said it felt the dividend should reflect the underlying strength of the business. A proposed final of 5.25p gives a total for the year of 8.5p (8p).

Manders expands by 50% to £9m

By Peter Pearse

EXTRAORDINARY charges of £2.12m in Manders (Holdings) 1992 results included £1.9m defence costs incurred in the hostile £106.1m bid it repelled from Kalon, the paints group, in August.

By choosing not to adopt FRS 3 accounting standards in the figures for the 12 months, the paints, inks and property group's pre-tax profits emerged up 50 per cent at £9.04m (£6.04m).

Earnings per share rose to 17.3p (13p), but, had the extraordinaries been exceptionals, would have slipped to 12.15p.

A final dividend of 6.4p (5p) has been proposed for a total of 9p (7p), a rise of almost 29 per cent.

The £216,000 balance of extraordinary charges related to the sale to its management of the North American operations and the sale of the industrial paint products business to Croda International.

The tile business was also sold.

Mr Roy Amos, chairman, said the group was now in new shape. The board had been restructured – partly as a reaction to the bid, but mostly to be ready for growth and acquisition possibilities. The four-year spate of heavy capital expenditure, when some £25m was spent, was over, he said, and the disposals and closer control of working capital had cut borrowings to £18.9m (£33.3m), reducing gearing to 29 (53) per cent. Interest charges fell 17 per cent to £3.37m (£4.05m).

Group turnover rose 9 per cent to £110.3m (£101.6m) with continuing operations up 24 per cent at £95m (£77m) and discontinued down at £10m (£20m). The Manders Centre chipped in £5.29m (£4.91m) and from this made operating profits of £4.81m (£4.39m).

The coatings and inks side, reduced from nine locations to three, made profits of £3.73m (£3.05m) on turnover of £41.7m (£39.5m).

Conrad proposes capital restructure as losses mount

By Gary Evans

CONRAD Continental yesterday announced a placing and offer to raise £820,000 together with a capital reorganisation.

At the same time, the Manchester-based leisure and sports group reported full year pre-tax losses up from £378,000 to £486,000, although the figure for the 12 months to end-December included exceptional costs of £111,000 related to reorganisation and restructuring together with provisions made against certain debtors.

Turnover declined from £9.16m to £7.48m. Losses per share were 1.57p against 1.7p.

Mr Rodney Walker, chairman, said the climate throughout the year had remained harsh and the group had faced difficulty in financing its activities, which had restricted the level of trading in recent months.

The group plans to issue 24.99m new ordinary shares. Of these, 12m have been conditionally placed at 4p apiece, while shareholders are asked to subscribe for the remaining 12.99m at the offer price of 4p.

Under the capital reorganisation, existing shareholders will receive one new ordinary 1p share and nine deferred 1p shares in exchange for every existing 10p share.

The deferred shares will have only nominal rights, thereby rendering them effectively valueless.

However, the rights of each 1p ordinary will be equal to the rights of each existing 10p ordinary.

An extraordinary meeting EGM will be asked to approve a trading agreement regarding the DCS subsidiary, whereby a new company owned by Mr J Lyons, DCS managing director, will arrange for the importation of leather garments into the UK, which will use David Conrad (Sales) distribution facilities and customer base.

Logica relies on Europe for growth

By Alan Cane

STRONG GROWTH in the UK and continental Europe resulted in pre-tax profits at Logica, the computing services company, almost doubling in the six months to December 31 despite a return to losses in North America.

Mr David Mann, managing director, said he was pleased with progress but warned that the trading environment remained harsh and charges might have to be taken in the second half to cover restructuring measures to restore profitability in the US.

The cost would be small, however, compared with the restructuring already undertaken.

Pre-tax profits were £4.14m (£2.16m) on turnover up 6 per cent at £104.2m (£98.6m). The interim dividend is being raised 9 per cent 1.25p (1.15p) paid from earnings per share of 3.7p (2.1p).

Cash rose slightly to £15.3m at December 31, against £14.9m 12 months earlier.

More than 80 per cent of turnover is now derived from the UK and continental Europe where revenues grew by 6 per cent and 25 per cent respectively. UK operating margins rose to 6.8 per cent.

The black spot is still North America where substantial investment designed to help penetrate the telecommunications and computer industry failed to translate into new contracts, resulting in a loss of £1.4m.

Mr Mann said the company was determined to stay in the US, although not at any price. It was refocusing on the financial services sector where it has been growing successfully.

A 10 per cent decline in the Asia Pacific region was mainly due to currency fluctuations.

Logica and Finsiel, the largest Italian computing services company, have formed a joint venture called Logicasiel which, Mr Mann said, was operating successfully. He was keen to develop stronger links with the Italian company.

Pentland poised to buy US consumer group

By Peggy Hollinger

PENTLAND, the sporting and consumer goods company which last year pulled out of talks to purchase Adidas, is about to announce an acquisition in the US.

The target is believed to be a consumer goods group with sales of some $100m (£70m), which would compliment Pentland's domestic electrical appliance business in the US.

Speculation has centred on Pentland's intentions for its £347m cash mountain – the legacy of its investment in Reebok – since plans to buy Adidas, the sporting goods group, collapsed in acrimony last October.

However, the latest deal is not expected to reduce Pentland's cash significantly.

The group, which announced an £156.4m drop in pre-tax profits for 1992 to £63.6m under new accounting standards, reported that the sale of the 20 per cent stake in Adidas had resulted in a profit of £47.3m, including currency gains.

Mr Frank Farrant, finance director, said the group had returned an 85 per cent increase in pre-tax profits to £36.2m, after stripping out such gains.

The gain on disposals compared with £220.4m last time.

Sales were £10.7m higher at £326.5m.

The final dividend is raised 11 per cent to 1.46p for a total of 2.5p (2.25p). Earnings fell from 62.28p to 15.79p, although excluding the investment disposals they rose from 4.71p to 7.36p.

Net cash balances stood at £347.3m, against £372.7m last time. Interest was also sharply higher at £26.1m (£6.3m).

Mr Farrant said the group had experienced a difficult year in its shoe divisions.

Although the current year had begun encouragingly, Pentland was "a bit nervous" about the effects of a stronger dollar in the second half.

Speedo was the best performer, with a strong increase in sales worldwide. Speedo in Europe and Australia had both been returned to profit.

Royalties from the international brand name had hit record levels.

Improved pensions hit John Lewis

By Neil Buckley

JOHN LEWIS Partnership, the employee-owned department store and supermarket group, yesterday disclosed a decline in profits for the fourth successive year and warned that another year of falling profits was in prospect.

Pre-tax profits for the 12 months to January 30 fell 8 per cent to £71.4m, although the trading balance – before pension costs – was slightly higher at £111.9m, compared with £111.4m. This was boosted by a 53 weeks rather than 52 weeks trading year.

Mr Stuart Hampson, chairman, said a £4.8m increase in pension costs, reflecting recent improvements to pensions, and a £1.6m rise in interest charges due to an increase in average borrowings from £226m to £238m, accounted for the pre-tax decline.

Group turnover increased 3 per cent to £2.36bn (£2.28bn).

The 22 department stores saw sales drop below the previous year in the first half. The second period started well, but faltered as consumer confidence was damaged in September when sterling withdrew from the ERM. Trade picked up again over Christmas and in January.

For the 102 Waitrose supermarkets, the second half was one of "exceptional difficulty", with sales below the previous year in the face of low food price inflation and competitive pressure, including what Mr Hampson called "widespread unlawful Sunday trading".

Mr Hampson said £28.2m – down from £30.2m – would be shared between the 34,000 employee-partners in the form of the company's annual bonus. The pay-out, representing 8 per cent of annual pay, is the lowest in percentage terms since 1958-59 when a 7 per cent distribution was made in preference stock.

"I wish I could tell partners that we had reached the bottom of the trough, but the year ahead is still far from certain," Mr Hampson warned.

The "clouded" economic outlook, together with fierce competition in food retailing and heavy one-off costs for introducing new technology at Waitrose, meant "the prospect is of yet another year of falling profit, perhaps even of sharply falling profit," he added.

Abbeycrest declines to £1.35m

ABBEYCREST, the UK's biggest manufacturer of gold and silver jewellery, saw profits before tax for 1992 dive 60 per cent, from £3.35m to £1.35m.

The outcome, however, was slightly ahead of analysts' expectations and the shares firmed 6p to 70p.

Turnover declined 26 per cent to £44.5m (£60m), largely because sales to its one-time largest customer, believed to be Ratners, fell by £19.6m.

Operating margins fell from 7.2 per cent to 3.2 per cent, with operating profits down to £1.75m (£4.32m). Net interest payments fell to £399,000 (£967,000).

Gearing has been reduced to 7 per cent (52 per cent). Ms Michele Delmain, analyst with Barclays de Zoete Wedd, said: "The company's gearing very much depends on when they get paid. The figure shows they were out there very effectively collecting their receivables." She estimated average gearing over the current year would be about 30 per cent.

A final dividend of 2p is proposed for an unchanged total of 3.2p. Earnings per share were 3.8p (9.8p).

COMPANY NEWS: UK

Boost from arthroscopy and wound healing

Smith & Nephew more than doubled to £155m

By Roland Rudd

SMITH & Nephew, the international healthcare and consumer group, reported pre-tax profits more than doubled from £70.3m to £154.6m for 1992.

The rise reflected a strong performance from the arthroscopy and special wound healing sectors.

The figures have been adjusted for accounting standard FRS 3.

The rise was boosted by the £40.1m profit on the sale of the Nivea trademark.

This was partially offset by a £19m restructuring charge relating to S&N's withdrawal from UK denim cloth manufacturing.

Turnover improved some 8 per cent, from £791.7m to £857.7m, including a contribution of £25.8m, against £42.1m, from discontinued operations.

Mr John Robinson, chief executive, said: "We are confident of continuing real earnings growth through the development of our niche products."

Wound management, casting bandaging and support, trauma and arthroscopy and orthopaedic implants divisions generated more than 60 per cent of turnover.

The US now accounts for 42 per cent of sales; UK and continental Europe 40 per cent and 18 per cent in the rest of the world. S&N is to expand its recently-opened office in Japan, which is already profitable.

Mr Robinson said there were more opportunities to expand overseas, which could lead to more acquisitions on the high-growth healthcare side.

While healthcare reported a big increase in operating profits, from £108.1m to £119.6m, consumer and plastics fell slightly to £26.4m (£36.9m).

Net borrowings fell from £68m to £43m, representing gearing of 12 per cent.

Earnings per share rose to 10.2p (4p), compared with an adjusted 8.3p.

A final dividend of 2.82p makes a total of 4.62p (4.44p).

● COMMENT

There has always been a question mark over Smith & Nephew's ability to deliver its promise of real earnings growth. The full year results suggest that shareholders who remained patient while the company refocused its strategy are now being rewarded. The core businesses relating to healthcare account for more than 80 per cent of revenue. Given the demographic trends there is no reason why demand for the group's high technology and high margin products, such as artificial joints and key-hole surgery, should not continue to expand. The increase in US sales cuts both ways: the tax charge is expected to rise from 29 per cent to 33 per cent, while the new administration's emphasis on hospital efficiency should boost sales. With forecast profits of £175m pre-tax, the shares, up 2½p to 155½p yesterday, are on a prospective multiple of 13.6. While they remain at a discount to the market they look good value.

Refuge dividend rise boosts share price

By John Authers

REFUGE GROUP, the life assurance company, yesterday increased its total dividend for 1992 by 9 per cent, from 29p to 31.5p, with a recommended final of 21.9p.

The shares rose from 994p to £10.29p.

Profits after tax rose from £13.2m to £14.4m reflecting growth in life net premium income from £205m to £229m. Earnings per share were higher at 28.13p, compared with 25.81p.

The profit was struck after losses of £2.05m (£1.9m) relating to discontinued activities and an exceptional provision of £3.01m (£1.7m) against RLJ Finance, a personal loans subsidiary.

The bulk of RLJ's performing loan book was sold in November and external debt collectors were appointed in January.

An extraordinary charge of £3.32m (£593,000) included the loss of £8.24m on the sale of Douglas Allen Spiro, the estate agency business, announced last week. Mr Tom Booth, chairman, said: "The chances of a return to adequate profitability over the next two or three years were considered to be slim."

Refuge found, in common with several other life companies, that the life assurance sales generated by the estate agency did not justify continuing with the business.

There was an an extraordinary profit of £4.92m on the sale of Canterbury Life, a small life assurance company, to the ordinary life fund of Refuge Assurance.

Lloyds Chemists surges 48% to £23m

By Jane Fuller

LLOYDS CHEMISTS, the acquisitive retailer and healthcare wholesaler, increased pre-tax profits by 48 per cent, from £15.2m to £22.6m, in the six months to December 31.

Turnover jumped 81 per cent to £384.7m (£218.4m), boosted by the £99m Macarthy acquisition, completed a year ago, and rapid growth of the Barclay Enterprise wholesaler.

Extra shares in issue following the Macarthy deal slowed the advance in earnings per share to 16 per cent at 12.4p (10.69p).

Mr Allen Lloyd, who recently split his chairman-chief executive role, giving the latter to his brother Peter, said group turnover had already surpassed the £509.4m made in 1991-92.

The chemist division, which has 889 stores, increased sales to £210.2m (£143.1m) in the first half. Most of this came from acquisition; like-for-like growth was 4 per cent.

Margins were eroded by the NHS-imposed cut in generic drug prices, costing between £2m and £3m in profit.

The most rapid growth came from Barclay Enterprise, which Mr Lloyd said was now third in the wholesale market behind AAH and UniChem. Turnover in the wholesale and manufacturing division leapt to £110.2m (£21.8m).

Barclay was a lower margin business, with a 2-3 per cent return on sales rather than the 7-10 per cent of retailing. It also accounted for much of the £14.2m increase in working capital.

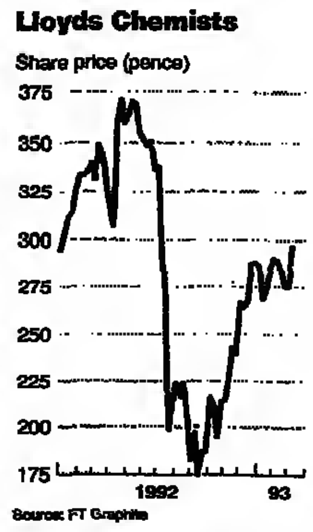
The Supersave drugstore division added 15 shops to make a total of 247 and sales rose to £38.9m (£31.6m). Like-for-like growth has improved to 8 per cent since the year-end. Holland & Barrett health-food added 26 shops to make 250. Like-for-like growth was slight. Overall sales reached £26.8m (£21.9m).

Net debt rose from £20.9m at the year-end to £32.4m, giving gearing of 31 per cent. Mr Lloyd said interest payments were nine times covered by operating profits of £25.4m (£16.5m).

The interim dividend is raised to 2p (1.55p).

● COMMENT

Lloyds has gone out of its way to reassure the sceptics with copious notes on cashflow and Cadbury-style reforms of its board – not that anyone could doubt that Allen Lloyd is still the boss. It now wants to be seen as a wholesome healthcare distributor, like AAH and UniChem, rather than as an acquisition-led retailer throwing its paper around. Hence the stress on the galloping organic growth at Barclay. However, third place in the wholesale market has proved something of a graveyard – Macarthy and Medicopharma pulled out in recent years. Lloyds may do better through its bias towards toiletries and OTC treatments. On the retail front, its ambition is hardly dormant with more than 100 store openings a year. Full-year profit is forecast to top £50m (£36.9m) giving a prospective p/e of 11. Some discount to the market is to be expected because of its hyper-active record, but a 30 per cent one looks too much. The price has recovered substantially since September, but there looks to be room for a little more.



Strong showing by outplacement side behind sharp recovery at DC Gardner

By Paul Taylor

DC GARDNER Group, the outplacement, conference centre and financial training company which has undergone a substantial restructuring in the past two years, moved back into profit in 1992, underpinned by a strong performance by Coutts, its outplacement and career management unit.

Having issued a profits warning and replaced its chief executive in November, the group yesterday reported annual pre-tax profits of £1.22m, compared to a restated loss of £10.1m in the previous year.

Earnings of 1.85p compared to a loss of 49.19p; the dividend is again omitted.

The 1991 result was originally reported as a £3.76m pre-tax loss, but has been restated to comply with the FRS 3 reporting standard.

Sir Kit McMahon, who took over as non-executive chairman in November, said 1992 had been "a year of recovery and continued restructuring after the disappointing results in earlier years."

The group posted an operating profit of £1.77m (£1.98m loss) after exceptional costs of £349,000 (£3.15m) on turnover of £19.7m (£18m).

Mr Stephen Johnson, chief executive, noted that all three divisions had improved their performance. In particular operating profits in the core outplacement division jumped to £2.09m (£1.42m) on turnover of £11.9m (£10.1m).

The division has recently won four contracts worth £5m. These include significant IBM and Ministry of Defence outplacement contracts.

The residential conference centres improved operating profit by 22 per cent to £1.18m in a "tough market".

Losses in the training division were trimmed from £410,000 to £360,000.

The division's results were depressed by the £859,000 (£760,000) cost of its Harbour Exchange building in London's docklands.

The year ended with net borrowings at £2.96m (£3.77m), representing gearing of 30 per cent, down from 40 per cent.

Yen for pound helps Foreign & Colonial net assets advance

By Philip Coggan, Personal Finance Editor

FOREIGN & Colonial Investment Trust celebrated its 125tb anniversary by raising its final dividend by 5.2 per cent – the 22nd consecutive annual increase.

The trust, the UK's largest, increased net assets by 22 per cent in 1992, compared to a 15 per cent rise in the FT-A All-Share Index.

Net assets per share were 225.5p (184.7p) at the end of the year, making the consolidated net assets £1.18bn.

Mr Michael Hart, joint manager of the trust, said that the performance was helped by the decision to switch yen borrowings into aterling before tbe pound's departore from the exchange rate mechanism.

Stock selection was also successful, with BAT and Home Depot performing particularly well.

However, the group's move into Japanese equities has yet to bear fruit and it was under-exposed to Hong Kong last year.

Mr Hart said be thought the FT-SE 100 Index would reach 3100 by the end of the year, as UK corporate profits benefited from rationalisation, lower interest rates and devaluation.

At the end of the year, the portfolio was split, in asset terms: UK (40 per cent); Europe (15 per cent); US (30 per cent); Japan (9 per cent); Far East (4 per cent) and Latin America (2 per cent).

Tbe number of individual shareholders increased to 56,751 by the end of 1992 and 58,131 by the end of February 1993.

Private investors now own 39 per cent of the trust, compared with 24 per cent at the end of 1986.

The recommended final dividend is 2.23p, making a total of 3.36p (3.19p). A further £1m was added to revenue reserves.

NEWS DIGEST

Sanderson Murray hit by interest

SANDERSON Murray & Elder (Holdings), the North Yorkshire-based motor dealer, saw profits dip 8 per cent, from £1.53m to £1.41m pre-tax, over the 1992 year.

The outcome masked a marginal improvement in operating profits – from £1.64m to £1.91m on continulng operations. Net interest charges, however, rose to £500,000 (£133,000) reflecting cash acquisitions.

Turnover, boosted by the acquisitions, jumped to £107m (£72.3m), inclnding a contribution of £5.73m (£7.57m) from discontinued operations.

A proposed final dividend of 1.4p maintains the total for the year at 2p, covered just over 3 times by earnings of 6.2p (8.7p).

The results were compiled under FRS 3.

Creston cuts loss to £57,000 midway

Creston, the construction components group, reduced its pre-tax losses from £481,000 to £57,000 in the half year to December 31. The result was achieved by contracting the level of trading by the main subsidiary.

Turnover was £3.46m (£5.16m). Losses per share were 0.25p (2.39p).

Kode Intl shows advance to £1m

Kode International, the computer maintenance group, lifted pre-tax profits from £486,000 to £1.03m in 1992. The shares responded with a rise of 13p to 173p.

Acquisitions boosted turnover to £20.9m (£15.7m). A final dividend of 4p raises the total to 5.5p (4p). Earnings per share amounted to 8.6p (3.9p).

T Clarke declines 24% to £1.44m

Pre-tax profits of T Clarke, the electrical contractor, fell 24 per cent, from £1.89m to £1.44m, for 1992. Turnover advanced 15 per cent to £68.2m, against £59.2m.

Earnings were 7.34p (9.8p) and the final dividend is cut to 2.81p for a total of 4.07p (6.552p). The company is a subsidiary of CS Holdings.

Modest profit at Ben Bailey

Ben Bailey Construction, tba Yorkshire-based housabuilder, returned to profit in the six months to December 31 with £24,000 before tax in the face of reduced customer confidence and lower house prices.

The ontcome compared with a loss of £443,000 at the end of the year to June 30 1992 and profits of £107,000 in the previous first half.

Turnover was £8.26m, against £9.66m which included £1.26m from discontinned operations. Interest payable fell to £202,000 (£305,000).

The company said the number of units completed rose to 151 (133) but the average selling price was £1,000 lower at £49,000.

A lower interim dividend of 0.25p is payable from earnings per share of 0.16p (0.7p).

The company has changed its year end to December 31.

Vodafone agreed bid for Hawthorn Leslie

Vodafone, the telecommunications group, has made an agreed offer for Hawthorn Leslie, the USM-quoted manufactnrer of electronic goods and toys.

The offer of 1.54p per share values the ordinary capital of Hawthorn, whose main focus is on mobile telecommunications, at £2.91m.

Vodafone has also conditionally agreed to procure the redemption of £16m convertible loan stock 2007 held hy Svenska Handlesbank and repay Hawthorn's outstanding loans to Svenska.

Vodafone aaid the offar placed an ovarall value on Hawthorn equivalent to £31.5m.

Undertakings to accept the offer amounting to about 84 per cent of the issued share capital have been received.

Castle Comms improves 17%

Castle Communications, the USM-quoted music and entertainment company, achieved a 17 per cent improvement in pre-tax profits to £927,000 for the six months to end-December.

Turnover increased to £17m (£15.6m) and earnings per share to 8.2p (6.7p). The interim dividend is maintained at 4p.

Pochin's mounts recovery to £1.6m

Pochin's, the Cheshire-based contracting and plant hire group, saw pre-tax profits recover to £1.6m, against £1.08m, in the six months to November 30.

Turnover was £24.4m (£14.2m) resulting from large design and build projects and tbe company's own developments.

Earnings per share were 110.5p (73.5p) and tbe interim dividend is an unchanged 8p.

Losses of I£1.86m for changed Reflex

Reflex Investments, the Dublin-based company whicb is switching from computer leasing to provision of software, incurred a pre-tax loss of I£1.86m (£1.9m) in the eight months to December 31, compared with I£2.44m in the previous 12 months.

The figure included exceptional expansion costs of I£409,000 (I£1.93m). Extraordinary reorganisation costs of I£2.67m (I£1.35m) left the loss for the period at I£4.86m (I£3.52m).

Turnover was I£5.58m (I£13.5m). Losses per share were 10.81p (13.52p).

Hand-knitting setback at Sirdar

Turnover at Sirdar, tha textiles and hand-knitting yarns concern, was stistic at £27.1m for the six months to December 31, but pre-tax profits fell from £2.81m to £2.67m.

There was an increase in operating profits at the textiles sector from £2.52m to £2.81m, but the contribution from hand-knitting yarns fell from £698,000 to £86,000.

Earnings per sbare were 3.12p (3.25p). The interim dividend is maintained at 1.65p.

EFT advances to £1.45m

EFT Group, a provider of asset finance, reported pre-tax profits up from £591,000 to £1.45m for 1992.

The results were prepared on the FRS 3 accounting basis with comparisons restated. The published pre-tax profit figure for 1991 was £1.07m.

Earnings per ahare were 3.01p (0.58p). The total dividend is increased from 1.1p to 1.3p, with a proposed final of 0.9p.

Eidos cuts loss to £190,000

Eidos, the USM-quoted video editing systems company, cut its 1992 pre-tax loss from £385,000 to £190,000. Turnover advanced to £110,000, against £3,200.

Tbe company's net asset value has fallen to less than half the nominal valua of its sbares and an extraordinary meeting has been called.

To provide additional working capital Lancaster Participations is making a £50,000 facility available secured on certain assets.

Losses per share were 8.66p (17.5p).

JOBS: The dynamics of organisational daftness that top managements do not see fit to study

Such are the laws of the jungle

SUDDENLY the Jobs column understands how its family's spaniel Max must have felt when the unaccompanied bull mastiff began gnawing him the other day. True, I'd often heard fellow-journalists quoting "dog eats dog" as a motto of our trade – a second is "there's always another quarter of an hour" – but the meaning of the first one, at least, had never been really brought home to me.

So it was in peaceful mood that I began thumbing through a slim volume sent in by Economist Books, called "Pocket MBA" and evidently written mainly by The Economist's former management editor Tim Hindle.

There was certainly nothing to ruffle the calm in the earlier chapters consisting of the usual propaganda for courses leading to master's degrees in business administration, a potted history of management literature and such, although I should perhaps have been warned by seeing that the bit on sources of business information nowhere mentions the Financial Times. Nor was my peace disturbed when the first item in the book's main section, a glossary of management ideas and gurus, turned out to have familiar associations.

Headed "Abilene Paradox", it read: "A paradox first stated by an American psychologist called Jerry Harvey. He noticed that groups of people (committees, for example) often make decisions which, as individuals, they would consider to be silly...."

There didn't seem much wrong with that, apart from "silly" being a poor substitute for the original formula's "stupid". So I skipped on through the glossary to the letter M. Whereupon the canines finally bit home.

There before my eyes was the heading "Macaulay's Transfer", followed by: "A rule first stated by the historian Lord Macaulay". Which set me wondering why the said lord was hogging the credit when all he did was explain why the old East India Company's on-the-spot executives, such as Clive, took such effective initiatives.

Admittedly some of what they did was also reprehensible and would never have been approved by the board. But as Macaulay points out, if they had consulted their London-based directors, there wouldn't have been any effective action, because "the average interval between the sending of a despatch and the receipt of an answer was above a year and a half". There, however, the historian bows out of the act.

The credit for first stating the rule based on his words – which reads: *Initiative declines with increasing ease of communications* – belongs to the Financial Times Jobs column. Indeed, like the Abilene Paradox, Macaulay's Transfer (alternatively entitled the "Buck-shifter") is one of the Laws of Organisational Stupidity of which, for a decade now, I've been the official codifier. Nor are those two the only examples of the current 23 which the booklet has annexed.

It's all my own fault, of course, for letting senile caution prevail over readers' requests. Every time I have introduced a new law – the last occasion was 14 months ago – numerous of you have got in touch asking me to set out the entire lot. But I've been chary of doing so.

For one thing, yet another maxim of my trade holds that repeating material at too frequent intervals is akin to selling wet coke, and I printed the full code as it then existed as recently as autumn 1986. For another, as long as there was something else to write about, I felt it wiser to save the laws for a rainy day.

Still, as the weather-proofing has not saved me from being nibbled, I'd better change my ways. The trouble is that even if I hadn't already wittered on for half the room available, the full laws just couldn't be stated in a single column. So I shall have to offer them chunk by chunk, spaced over the next few weeks.

A further snag is that those of you who're familiar with the code will need to shut your eyes for a spell while, for the benefit of any less enduring readers present, I reiterate two basic points about the laws' status.

The first is that they are not all of my own formulation. Some have been taken ready-made from famous authors, albeit with due acknowledgement, such as C. Northcote Parkinson's first law: *Work expands to fill the time available*. Still more of them were originated by various of you out there, my role being merely to tidy up the wording. An example is Mangham's Muffler, mis-named "Maugham's" by the book, which was inspired by Bath University's Professor of Management Iain Mangham, and pronounces: *When communicating to superiors, new news is bad news*.

The second point is that the laws are not of the inviolable kind exemplified by the law of gravity. Not only can they be broken, but when they are, the result is beneficial. What they define are simply regularities: events that occur continually in organisations of all kinds the whole world over.

Accordingly, the laws' nearest parallel in established theory is economics. Indeed, an acid test of whether a proposed rule is fit to enter the canon, is whether it looks to be at least as reliable in predicting what actually happens as the laws of economics.

There is nevertheless one key difference. Top executives believe in economics and study same on MBA courses and the like. The stupidity parallels are not studied on high, but just left to be suffered by those below.

Hence, despite the teeth-marks, the Jobs column feels a touch grateful to the aforesaid Tim Hindle. After all, by putting some of the stupidity laws in a book with "MBA" in its title, he has given the code what seems to be its first chance of being seriously studied where it counts.

Even so, I do wish he'd got them right. For his presentation sometimes serves to obscure the real cause of the daft dynamics the laws describe – which for those cited so far lies in power politics. Professor Parkinson saw the push to win power by amassing subordinates as underpinning his first law, although in the other instances the root is not so much the acquisition of power as top managers' yen for wielding it relentlessly over others.

But that is hardly recognised by Mr Hindle's explanation for the Abilene Paradox, which goes: "The group agrees to do a silly thing because each individual knows he or she can sidestep responsibility for the action of the group." The reason offered by the originator Jerry Harvey was different. He attributed the lemming-like urge to go with the mob to the separate individuals' fear that dissent would lead them to be branded not-one-of-us, and have the skids put under them.

The same often justified fear that outstanding deeds are more likely to bring punishments than rewards is also at the root of the two other laws I've quoted. Given the popularity of the phrase "shoot the messenger", Mangham's Muffler needs no explanation. Nor does the decline of on-the-spot initiative when the risk of retribution can be minimised by swiftly passing the buck to power-loving bosses.

Moreover the wisdom of safety play gives rise to a further law, Marshall's Metamorphosis. It was inspired by a certain educational inspector's comments on how futile it is for governments and other authorities which lay down rules to expect them to be followed broadly in the spirit instead of narrowly to the letter. It reads: *Guidelines from superiors are straitjackets to subordinates*.

Michael Dixon

Appointments also appears on pages 13, 15 & 16

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The McFarlane report from the Auditing Practices Board is largely misguided, argue Michael Snyder and Emile Woolf

The consultation period for the McFarlane report from the Auditing Practices Board on the future development of auditing closes later this month. We believe its findings are largely misguided.

We favour a more effective system of monitoring and improving standards within the existing statntory framework. We believe there are limits to the assurance that auditors can reasonably be expected to provide to the aver-widening range of users of accounts.

The APB's document, by contrast, invitas auditors to accept responsibility for delivering the undeliverable, and blurs the crucial distinction betwsen directors' and auditors' responsibilities. Its proposals are aimed at ending the expectations gap, and indeed they will. But only by creating an abyss in its place.

The paper criticises auditors' "narrow interpretation" of their statutory duties, causing them to focus on the company's past record as laid down in company law. But these duties have been consistently and clearly laid down in sncccessiva statutes since 1844 and there is little scope for "interpretation", narrow or wide. A change in focus from past to future performance would require rather more than a change in interpretation.

The APB says: "There is a demand for auditors to recognise the interests of a wider group than shareholders alone." Indeed there is, and such an awareness of other interests has been reflected in auditors' standard risk assessment checklists and planning memoranda for a dozen yeara or more. Such recognition of legitimate third party interests lies within the existing framework of auditing.

The APB claims that the present scope of audit and the legal framework in which it is conducted "mitigates against auditors successfully meeting the needs of shareholders and others with an interest in the audit process". We believe the problem lies rather with poor standards of auditing and the seeming inability to date of the regulatory bodies or government to impose any effective sanctions on the individuals and firms responsible.

It also overlooks the vast majority of audit appointments in which user expectations are amply satisfied. In cases of widsly publicised "public interest" scandals, anditors are invariably criticised for defective work within *existing* law and standards.

The proposals ignore small company audits. This is consistent with the composition of APB's own membership, and with the fact that it has not produced any guidance on small company audits despite being presented with a complete draft guideline by its predecessor hody nearly two years ago.

Tha APB refers to "perceived gaps in the scope of the audit, particularly regarding directors' stewardship, future prospects and risks, frand, intarnal controls and interim reporting". It is perhaps here that the lack of realism that pervades ths entire document shows most palpably.

This is a collection of wishful objectives; long on ends, hut short on means. All third parties – especially competitors and predators – would dearly wish to have an objective evaluation of directors' performance and stewardship, and of the company's future prospects and risks. But it is grossly implausible to expect to recelve such Insobatantial indications from any source, least of all from the statutory anditors.

The paper calls for auditors to report on the adequacy of "financial and other relevant risk management controls" and states that "it is realistic to expect auditors to respond to regulators' requests and to take on a role in relation to a potentially growing demand for monitoring basic ethical standards of corporate behaviour".

It is in the nature of such ethereal notions that they are not readily ausceptihle to andit scrutiny or analysis. If the regulators themselves, with their unfettered atatutory powers of Investigation, cannot satisfy themselves on these matters, can auditors be expected to do more?

In our opinioh, if auditors are required to trespass on the realms of regulators, andit committees and non-execotives who are directly responsible for corporate governance, their existing and sufficiently onerous reporting functions will suffer serious neglect.

The APB proposes that directors should provide, and auditors report on, e summary of ths principal assumptions and judgments made by the directors in preparing the financial statements. Normal audit procedures are already designed to assess ths reasonableness of the directors' assumptions and judgments reflected in tbe accounts. If the auditors regard them as reasonable, their separate disclosure would add nothing to the truth and fairness of the accounts. If they regard them as matsrially unreasonable, existing provisions require the audit report to be appropriately qualified.

The APB is anxious to involve shareholders directly with a view to resolving the "psrceived lack of independeoce in the attitude of auditors and in the conduct of their relatiooship with directors". It suggests creating an "audit panel" to represent shareholders, or a small group elected by shareholders to meet the auditors to discuss issues arising from the audit.

Investors in listed companies do not see it as their responsibility to take on any direct invigilating function in relation to the cooduct of the directors and auditors of the companies in which they invest. Only institutional shareholders would be capable of making any sense of such a role, and they are already quite clear as to their requirements from both directors and auditors.

The remedy for both corporate and audit failure is to make existing legal and disciplinary machinery more effective, not to involve shareholders in a quasi-executive watchdog role.

We believe that the establishment of shareholder pressure groups will seriously undermine tbe legal autonomy and accountability of both executive and non-executive directors, and their ahility to operate effectively in the hest interests of the sharaholders as a body.

The paper recognises the oeed to rationalise the poteotial liability of auditors under the present legal system before extending tbeir roles and responsibilities. What it does not address is the key issue of the exposure to litigation from all the third parties embraced by a widening of audit sccountability.

A flurry of law-reforming zeal follows every scandal-tainted wave of collapses – whether induced hy ineptitude, delinquency or just plain daylight rohbery. We are told that higher standards of stewardship and audit need to be legislated. Yet every misdsmeanour committed was already against the law; and every failed audit was condemoed by refereoce to current laws and standards.

The sensible issues to focus on are therefore the enhancement and enforcement of the laws and standards we already have. Audit regulation has given the professional bodies more clout over the activities of their membership than ever before. We oeed prompt disciplinsry hearings, widely-publicised findings, the suspension of audit registrations and financial penalties thst really hurt.

As to the costs, the scale of which are scarcely imaginable, we propose that the panoply of beneficiaries of the APB proposals should be consulted on what they are prepared to contribute towards this new age of auditing. in our opinioo that should settle the whole issue fairly efficiently and conclusively.

In all other respects, the APB has produced a great paper.

Michael Snyder is senior portner and Emile Woolf technical partner at Kingston Smith.

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Food Processing Industry

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Aged 30/45, applicants must have the confidence, personality and presentational skills needed to effect changes to improve business performance and the ability and desire to assume greater responsibility in the future.

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Financial Controller

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The successful candidate will be a qualified accountant of high calibre, with well established post qualification experience, ideally gained at divisional level within a related sector. Proven man-management skills must be combined with extensive financial/management accounting experience. Clear evidence of enacting change in your previous role is a prerequisite.

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Group Finance Manager

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Essential qualifications: Relevant advanced university degree; excellent English, both spoken and written; working knowledge of French and/or Spanish is desirable. At least 10 years of proven managerial experience in work relating to international development projects, preferably in the field of commodities; extensive knowledge of international commodity trade. He/She will control the work of a small professional team and should possess good inter-personal skills.

Remuneration: (tax-free)
US$ 62,405 p.a. plus US$ 34,946
(variable post adjustment) – dependent rate
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(variable post adjustment) – single rate

Deadline for applications: 31 March 1993.

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Essential qualifications: ACCA/CPA/ACA or equivalent; at least 8 years of experience in the field of accounting, of which at least three at manegement level; good knowledge of computerized accounting systems, international eccounting standards and Lotus 123 or similar; excellent English, both spoken and written; working knowledge of French and/or Spanish is desirable.

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Other benefits of international civil service, including relocation, rental subsidy, family allowance, education grant and medical insurance contribution. Both positions are offered on the basis of a two year fixed-term contract with possibility of renewal.

Applications in English accompanied by detailed curriculum vitae, including date of birth and nationality, should be received not later than the dates indicated above and should be addressed to:

The Managing Director – Common Fund for Commodities
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The Netherlands

Only candidates with Member States nationality will be considered.

Assistant Tax Manager

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COMMODITIES AND AGRICULTURE

Slide in cocoa prices continues

By David Blackwell

COCOA PRICES were continuing to fall yesterday on further bouts of liquidation sparked by the failure of last week's talks in Geneva on renewing the International Cocoa Agreement.

The London May contract closed yesterday at £676 a tonne, down £11 on the day and £86 below the recent high struck two weeks ago during the Geneva talks. At the New York Coffee, Sugar and Cocoa Exchange the May delivery contract was recovering in late trading from an earlier low of $841 a tonne.

Next week delegates to the International Cocoa Organisation meet in London for their biannual council meeting. They are hoping to close the gap between consumers and producers so that they can return to Geneva for more negotiations on the pact, which expires at the end of September and cannot be extended.

The two sides have been able to agree only that a maximum of 350,000 tonnes of cocoa should be withheld from the market. They have not been able to agree on how such a withholding scheme should be financed, nor on the price range which an agreement should defend.

The drift in prices this week illustrates the disillusionment of the trade with the endless talks. Profit-taking by a few speculators who were gambling on the talks succeeding then turned into technical selling as chart support levels were breached.

"There has been long liquidation by the speculators, the trade, the funds and the industry," said Mr Tony Chadwick of Prudential Bache yesterday. The situation had been made worse by the fact that the market had absorbed a lot of selling from producer countries while at the higher levels.

Mr Lawrence Eagles, analyst with GNI, said that market perceptions of the Ivory Coast's crop were becoming clearer. Despite quality restrictions, the main crop would still be large, he suggested. A big question remark remained over the mid-crop – usually about 100,000 tonnes – which the Ivory Coast has said it will not sell.

India hopes to widen market for green tea

By Kunal Bose in Calcutta

INDIA, THE world's biggest tea producer, hopes to widen the market for its green tea through the adoption the CTC (crush, tear and curl) manufacturing method previously confined to black tea.

Green tea is traditionally produced by the orthodox method which is cumbersome, expensive and somewhat unhygienic.

It has now been commercially established, however, that the processing cost is nearly halved if it is manufactured the CTC way. The cuppage is increased by about three times and tasters have confirmed that CTC green tea produces excellent liquor and has an appetising green colour.

Essels Tea, which owns gardens in north Bengal, will be marketing CTC green tea internationally for the first time in the present season.

Almost all the 8m kg of green tea produced annually in India is exported.

Brokers expect bigger coffee export quota for Indonesia

By William Keeling in Jakarta

INDONESIA WILL receive a higher coffee export quota should producing and consuming nations succeed in negotiating a new International Coffee Agreement at the March 22-31 meeting in London, according to traders in London.

Under the 1983 ICO agreement, which is due to expire in September but effectively collapsed in 1989, Indonesia's quota was equivalent to 5 per cent of world exports. Its production, however, has since risen and the Association of Indonesian Coffee Exporters estimates that exports accounted for 8.3 per cent of the world market over the past four years.

Brokers forecast Indonesia would receive a quota of about 300,000 tonnes a year under a new agreement, equivalent to 7.1 per cent of estimated 1992-93 world exports of 4.2m tonnes and close to Aice's demand of 7.5 per cent.

The outcome of the London meeting remains uncertain, however. While the European Community favours a new agreement, the US and Japan are undecided. As one London broker explains, "US officials still at heart prefer a free market. On the other hand, they are annoyed at being put in limelight as holding up an agreement. Japan will follow the herd".

An increase in Indonesia's quota to 300,000 tonnes would assume a recovery in its exports, which totalled just 264,172 tonnes in the 1991-92 crop year, ending last September 30, a 30 per cent drop on the previous year.

Indonesia's 1992-93 crop is forecast at 511,920 tonnes by Aice, which estimates last year's crop at 476,280 tonnes, figures trader say are too high. "If you believe in those figures you would see a lot of stock in Indonesia at present and there isn't," notes one London trader. More conservative estimates put 1991-92 output at 400,000 tonnes and forecast the 1992-93 crop at 420,000 tonnes.

Aice officials say Indonesian exporters continue to be squeezed by low prices and high interest rates. Fierce competition between traders has resulted in a minimal margin between the farm gate price of Rp1,400-Rp1,500 (69-73 US cents) a kilogram for robusta beans, which account for 93 per cent of Indonesia's production, and the world price of 74-80 cents a kilogram.

The situation may be eased if, as London traders believe, the world price begins an upward trend as international demand exceeds supply. "There is much healthier outlook for coffee. Prices will go up even without an ICO agreement," maintains one trader.

Aice officials say Indonesian exports between last October and the end of January totalled 57,577 tonnes. Exports will rise when the harvest begins in April and farmers are expected to sell stocks to finance celebrations for the on-going Moslem month of Ramadan.

German investment plan may aid coal deal

By Judy Dempsey in Berlin

A TWO-pronged investment programme aimed at facilitating the restructuring of eastern Germany's brown coal fields was announced in Berlin yesterday. The move could could also help to speed up negotiations by a consortium of British and US companies that is aiming to buy a major share of the fields.

Mr Jürgen Stolz, chairman of Vereinigte Energiwerke, or Veag, under which eastern Germany's energy enterprises are grouped, said that more than DM10bn (£4.2bn) would be invested in plants, while at the same time stricter environmental controls would be introduced in a region that was notorious for its pollution under the former communist regime.

The announcement comes in the wake of a decision by three western German energy suppliers to guarantee that they will continue to purchase of brown coal from the giant lignite fields in eastern Germany. The Bavarian Baden and EWS energy suppliers earlier this week agreed to buy up to 10m tonnes of coal a year for the next 40 years from Mitteldeutschen Braunkohle AG, otherwise known as Mibrag, which is the operator of eastern Germany's troubled brown coal fields.

Mibrag, which employs more than 10,000 people, and is located in the core of the industrial heartland between Halle and Leipzig, is held at present by the Treuhandanstalt, Germany's agency responsible for the privatisation of the former East German economy. Earlier this year, the Treuhand granted sole negotiating rights to PowerGen, the UK-based utilities company, and NRG Energy, a US energy company, which have joined forces to buy Mibrag.

A successful outcome of these negotiations would give the UK-US consortium a good foothold in the eastern German energy sector, although the monopoly in supplying energy to the five new eastern German states will be held by western German firms under the terms of the unification treaty.

PowerGen yesterday welcomed the decision by the western German energy companies.

"Its a very positive step for Mibrag which would help to assure its future," an official said.

The guaranteed market could also lessen the costs for any future buyer towards restructuring the plant, as well as paying out large redundancy expenses.

A spokesman for the economics ministry from the state of Saxony-Anhalt said yesterday that "the fields have some future and the threat of much higher unemployment has subsided".

IPE may launch natural gas contract

By Deborah Hargreaves

THE INTERNATIONAL Petroleum Exchange has set up a task force to consider the introduction of a natural gas futures contract as the UK opens up its gas market.

"I can see that natural gas could be an important contract for us when Europe gets to the point of trading it freely," said Mr Peter Wildblood, chief executive of the exchange.

But gas futures trading is unlikely to become a reality for another five years given the absence of an underlying market – gas is now bought and sold on the basis of producer contracts.

The New York Mercantile Exchange developed the first market for natural gas derivatives trading three years ago on the back of de-regulation in the US gas industry.

The IPE and Nymex are discussing co-operation in several areas including the establishment of a cross-margining link between the two markets. "The exchanges are inter-dependent and we are looking at areas for co-operation which would benefit the market as a whole," said Mr Wildblood.

IPE trading volume has increased by 41 per cent so far this year. Last year's volume reached 35,000 contracts.

Metals prices seen 'drifting'

By David Blackwell

BASE METAL prices will drift near their present depressed levels this year, Mr Phillip Crowson, chief economist at RTZ, the world's biggest mining company, predicted yesterday. Speaking at the announcement of RTZ's 1992 results, he said that while the US economy appeared to be on the road to recovery, the German and Japanese economies were not. Western Europe and Japan account for roughly half the Western World's consumption of non-ferrous metals.

"Even with the US recovery gathering momentum, therefore, prices of metals and mineral are unlikely to depart far from their present trading ranges until late in the year at best."

However, he believed the minerals industries were well placed to benefit when Europe and Japan emerged from recession. "Prices should react more quickly to economic recovery than they did in the 1980s, even if that recovery is sluggish and protracted."

PNG's mining adviser offers 'bridge' to foreign investors

By Kenneth Gooding, Mining Correspondent, in Kalgoorlie

MR ROBERT Needham, whose appointment as mining adviser to Papua New Guinea's new government is creating considerable controversy, yesterday gave some indications about how he intended to operate in future. He said the Mineral Resources Development Company, which will hold the PNG government's stakes in natural resource companies and of which he is managing director, would not be a passive partner but "will look closely at all operations to see if they can be improved.

"We are there to ensure that the government gets the best deal possible for its stake in the major developments," he explained. "In order to do this MRDC will also attempt to ensure that the profits of each operation that it invests in are maximised."

Mr Needham, an Australian, was once chief executive of Placer Pacific, the company at present in dispute with the PNG government over Porgera, a gold mine in which the government wants to increase its shareholding. When it was suggested that his appointment had caused the friction over Porgera, he likened his position to that of a lawyer who had given good advice to a client only for the client's opponents to say: "Hang the lawyer". The PNG government was being underestimated, he said – "They make up their own minds".

Mr Needham faced a series of hostile questions after speaking at the Australian Gold Conference and defending PNG's record in the areas of sovereign risk, access to land, social and civil unrest and bureaucracy. He recalled that it had long been PNG government policy to take up to 30 per cent of the equity in any major developments too large for PNG companies. The level of equity taken up would depend on the economics of individual projects. MRDC should "be viewed as a partner in these projects that can help foreign companies obtain access to mineral resources and at the same time provide the necessary bridge for communications with government".

MRDC was recruiting a team of about 25 analysts, geologists and mining engineers and would also promote the development of local small mining companies by paying for equity stakes in them. Mr Needham was asked if the giant Lihir Island project, involving one of the world's biggest gold deposits, was "on hold". He said that the licence application submitted by the joint venturers, RTZ Corporation and Nuigini Mining, was "full of qualifications they have set themselves. Until these qualifications have been addressed, it is not really an application".

Western Australia aims to boost onshore oil and gas production

By Kenneth Gooding

WESTERN AUSTRALIA is to boost onshore oil and gas production by offering more flexible royalty packages and other incentives to small and medium-sized exploration companies, according to Mr George Cash, the state's new Minister for Mines and Lands.

He said yesterday that he had instructed his department to confer with the oil industry to see what the new coalition government could do to encourage more exploration bnt already he had some ideas to put forward.

For example, exploration costs might in future be offset against royalties on specific areas or wells. At present royalties paid to the state ranged between 5 and 10 per cent of oil produced and there was no provision for them to be waived. This problem could be overcome by setting the royalty rates between zero and 15 per cent.

Deferring royalty payments for five years to help companies' cash flow might also be considered and there might be accelerated depreciation, enabling exploration companies to write off plant and equipment over one year instead of five to 15 years.

There could be special help for companies operating in particularly remote areas. All or any of these things could be put into individual packages tailored to help specific companies.

Mr Cash, in Kalgoorlie to attend the Australian Gold Conference, suggested more exploration might be encouraged if the state also cut red tape by eliminating the A$3,000 (£1,475) charge for permit applications and other charges, which could add np to A$20,000 a year for permits to explore.

He said he did not expect the state's revenue to suffer. "The state should gain in the end," he said, "because you don't get revenoe unless there are holes in the ground and this should encourage more holes to he drilled."

Mr Cash hoped the industry would reflect on these suggestions and let his department know its views. He had asked the department to report back in six weeks and expected to have legislation before parliament before the end of this year. Separately, Western Australia wanted to renegotiate the resource rent tax, which at present saw oil companies paying all the tax on revenues generated by wells outside Australia's coastal waters to the federal government. Mr Cash said it was estimated that Western Australia was foregoing revenue totalling A$600m from two new discoveries, BHP's Griffin and Ampol's Wandoo.

India plans for bigger sugar exports

By Kunal Bose

INDIA, THE world's largest prodncer of ongar, has launched an effort to increase its exportable surplus by offering a package of incentives to sugar factories and cane growers.

Starting next month the federal government will create a sugar huffer stock of 500,000 tonnes, the maintenance cost of which will be met from a sugar development fund built from a levy of Rs14 (30p) a quintal (100 lb) on the country's production.

The industry is calling, however, for a buffer stock of 1m tonnes.

The new policy confirms that India intends to be a regular exporter of sugar and that exports will be handled by the Indian Sugar & General Industry Exim Corporation, an organisation jointly funded by the private and co-operative sugar mills. The old policy of exporting sugar only in years of local abundance is being given up.

In the ten months to January India exported 321,000 tonnes of sugar.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD'S bounce from Wednesday's lows continued with an afternnnn fix at $326.90 a troy ounce, up 25 cents, as the market tested prices ovar $327. Tha market took snma atrength from tha firmer tone in platinum group metals and silvar and found further support from commissinn housa buying, traders said. The tone generally reflected optimism that having resisted a drop through $326 nvarnight, a mnva back to $328 could be maintained. Even so, rand and Australian dollar equivalant prices remain attractive to producers and selling will slnw tha recovery. Three-mnnth COPPER pushed above resistance around $2,170 a tonne nn tha Londnn Metal Exchange, halped by steadier lavals in New York, although there appeared to be stiff resiatance develnping near $2,180, an nld support lavel. Dealars said the sluggish European market is being offset by a positive Comex, with US physical demand said to be in good shape and the LME arbitrage premium narrowing.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$18.18-8.22	-.370
Brent Blend (dated)	$18.63-6.69	-0.40
Brent Blend (Apr)	$18.58-8.62	-0.40
W.T.I (1 pm est)	$20.10-0.12	-0.39
Oil products		
(NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$196-198	-1.5
Gas Oil	$175-178	-4
Heavy Fuel Oil	$76-78	-1
Naphtha	$170-171	-4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$327.15	+1.1
Silver (per troy oz)♣	361.5c	+3
Platinum (per troy oz)	$350.50	+0
Palladium (per troy oz)	$107.00	+3.25
Copper (US Producer)	100.0c	+0.5
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.50	-0.2
Tin (New York)	262.5c	-1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	138.39p	+2.84*
Sheep (live weight)†♣	115.23p	-6.79*
Pigs (live weight)†	92.07p	-1.17*
London daily sugar (raw)	$247.0	+4.8
London daily sugar (white)	$279.0	+2.5
Tate and Lyle export price	£284.5	+4
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£168.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	63.75p	+0.5
Rubber (May)♥	64.25p	+0.5
Rubber (KL RSS No 1 Feb)	220.5m	
Coconut oil (Philippines)§	$432.5y	-5
Palm Oil (Malaysian)§	$410.0x	
Copra (Philippines)§	$282.5	+5
Soyabeans (US)	£183.0	+2
Cotton "A" index	62.30c	+0.70
Wooltops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-Mar/Apr. x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	228.00	220.00	220.00
Aug	232.00	225.00	225.00
Oct	215.00		208.00
White	Close	Previous	High/Low
May	276.50	277.00	279.00 275.50
Aug	280.00	280.00	282.00 279.00
Oct	259.50	258.00	261.00 258.00

Turnover: Raw 10 (23) lots of 50 tonnes. White 1744 (1300) Paris- White (FFr per tonne): May 1555.28 Aug 1628.37

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Apr	18.60	18.88	18.96 18.49
May	18.62	18.87	18.98 18.50
Jun	18.68	18.91	18.97 18.55
Jul	18.63	18.91	18.96 18.87
Aug	18.01	18.93	18.96 18.61
Sep	18.82	18.99	18.96 18.82
Oct	18.70	18.96	18.70
Nov	18.70	18.98	18.70
Dec	18.70	18.98	18.79
IPE Index	19.07	19.07	

Turnover 37427 (43321)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	176.25	176.25	178.00 174.25
Apr	172.50	176.75	175.25 171.50
May	171.50	175.00	174.50 171.00
Jun	171.25	175.25	174.75 171.25
Jul	172.25	176.00	175.25 172.25
Aug	174.00	178.00	176.50 174.75
Oct	178.50	182.75	179.50 178.25
Nov	180.25	184.75	182.00 180.75

Turnover 24913 (21253) lots of 100 tonnes

FRUIT & VEGETABLES
Bananas are this weeks best fruit buy, reports the FFVIB,at 40-65p a lb. Seedless grapes at £1.20-1.30 a lb and seeded grapes at £1.25-1.30 a lb. are also good buys. Oranges at 10-20p each, William Bon Chretien pears at 50-65p a lb and outdoor rhubarb at 45-50 a lb round off the best buys. English carrots remain a good buy at 18-20p a lb. Dutch and English onions are 18-20p a lb, parsnips are 25-30p a lb, swede is 18-20p a lb and English potatoes at 10-14p a lb. Homegrown cucumbers are arriving in the shops supported by imported samples at 60-70p each.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	670	682	687 670
May	678	687	692 672
Jul	690	700	702 685
Sep	703	713	713 697
Dec	723	733	732 716
Mar	743	752	753 739
May	758	766	766 753
Jul	772		770 769
Sep	788	792	787 780
Dec	011	S1S	809

Turnover: 13178 (7629) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 10 680.40 (700.01) 10 day average for Mar 11 720.16 (727.16)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	970	980	980 965
May	010	930	920 910
Jul	894	900	893 884
Sep	902	902	900 888
Nov	912	913	910 901
Jun	616	920	919 919

Turnover:2848 (1779) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 10: Comp. daily 55.58 (56.26) 15 day average 57.23 (57.36)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	38.5	39.4	38.9 38.5
May	43.0	41.2	41.5 40.5
Apr	93.0	94.5	92.0

Turnover 134 (92) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	143.00	141.50	143.00
Aug	144.00	143.00	144.00

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Mar	1442	1436	1445 1440
Apr	1436	1435	1440 1433
May	1397	1396	1400 1397
Jul	1235	1225	1240 1232
Oct	1365	1365	1374 1365
BFI	1409	1401	1409

Turnover 215 (226)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	143.00	144.00	143.50 142.00
May	144.50	145.00	144.50 143.50
Sep	109.00		109.00 109.00
Nov	111.05	111.00	111.15 110.85
Jan	114.00	113.75	114.00 113.80
Mar	116.76	116.50	116.75 116.55
Barley	Close	Previous	High/Low
May	140.00		140.00
Sep	106.75		106.75
Nov	109.70		109.70

Turnover: Wheat 244 (249), Barley 0 (20).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Mar	116.0		115.0 114.5
Apr	116.0		115.5
May	116.0	116.0	115.5 115.0
Jun	113.0	114.0	113.0 112.5

Turnover:42 (42) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 37,220 lots
Cash	1151-52	1148.5-49.5		1148-48.5		
3 months	1172.5-73	1169-70	1175/1169.5	1169-69.5	1172-72.5	166,101 lots
Copper, Grade A (£ per tonne)						Total daily turnover 33,645 lots
Cash	1499.5-01.5	1490.5-91.5	1499	1498-98.5		
3 months	1524.5-25.5	1516-17	1530/1524	1524-24.5	1525-25.5	158,611 lots
Lead (£ per tonne)						Total daily turnover 4,897 lots
Cash	284.5-85.5	283-90		288-88.5		
3 months	294-95	298.5-99	298.5/295	297.5-7.75	295.5-96	16,845 lots
Nickel ($ per tonne)						Total daily turnover 8,635 lots
Cash	5960-60	5975-85	5975	5975-80		
3 months	6049-50	6040-45	6060/6010	6040-45	6060-65	41,425 lots
Tin ($ per tonne)						Total daily turnover 1,579 lots
Cash	5645-55	5675-80		5647-49		
3 months	5700-05	5735-37	5710/5690	5705-10	5700-05	7,888 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,709 lots
Cash	999.5-00.5	998.5-99.5	999.5	999.5-00.0		
3 months	1018-19	1017-10	1023/1010	1017.5-18	1022-23	71,339 lots

LME Closing £/$ rate:
SPOT: 1.4365 3 months: 1.4277 S months: 1.4222 9 months: 1.4167

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	327.00-327.30	
Opening	326.60-327.00	
Morning fix	326.65	228.347
Afternoon fix	326.90	228.314
Day's high	327.00-327.30	
Day's low	326.40-326.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.61	0 months	2.45
2 months	2.55	12 months	2.46
3 months	2.50		

Silver fix	p/troy oz	US cts equiv
Spot	251.50	360.00
3 months	255.05	362.75
0 months	258.50	365.80
12 months	264.85	372.25

GOLD COINS	$ price	£ equivalent
Krugerrand	326.00-329.00	227.00-229.00
Maple leaf	336.70-338.90	-
New Sovereign	77.50-80.60	54.00-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1125	38	87	3	9
1150	16	49	9	16
1175	8	34	22	28
Copper (Grade A)	**Calls**		**Puts**	
2100	74	106	0	18
2150	37	73	18	36
2200	14	47	45	59
Coffee	**May**	**Jul**	**May**	**Jul**
900	49	49	30	55
950	27	32	58	88
1000	14	20	95	126
Cocoa	**May**	**Jul**	**May**	**Jul**
725	7	25	55	61
750	4	18	77	79
775	2	13	100	99
Brent Crude	**Apr**	**May**	**Apr**	**May**
1850	10	52	7	24
1900	2	31		40
1950	1	10	58	66

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	327.1	326.3	326.5	326.5
Apr	327.8	326.9	328.0	326.8
May	328.2	327.5	0	0
Jun	328.8	328.1	328.2	328.0
Aug	330.2	329.0	330.4	328.7
Oct	331.7	331.0	0	0
Dec	333.2	332.5	333.4	332.6
Feb	334.8	334.1	334.6	334.6

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	349.3	345.6	352.0	348.6
Jul	348.3	344.4	351.0	347.5
Oct	347.1	343.2	349.5	349.5
Jan	345.6	341.7	349.0	345.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	361.8	356.1	362.5	357.0
Apr	362.7	357.1	362.0	362.0
May	363.7	358.2	365.0	360.5
Jul	366.1	360.6	367.5	362.5
Sep	368.8	363.1	370.5	367.0
Dec	372.2	366.7	374.0	369.0
Jun	372.6	367.1	0	0
Mar	375.9	370.4	375.6	375.0
May	378.5	373.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	97.10	95.70	97.20	95.65
Apr	97.30	95.80	97.30	96.05
May	97.70	96.30	97.90	96.25
Jun	98.05	96.65	0	0
Jul	98.40	97.00	98.50	97.10
Aug	98.75	97.35	0	0
Sep	99.10	97.70	98.70	98.00

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Apr	20.12	20.39	20.43	20.01
May	20.22	20.46	20.51	20.11
Jun	20.29	20.51	20.56	20.10
Jul	20.30	20.53	20.55	20.25
Aug	20.34	20.54	20.57	20.27
Sep	20.34	20.54	20.56	20.28
Oct	20.36	20.54	20.55	20.28
Nov	20.36	20.53	20.57	20.28
Dec	20.35	20.52	20.54	20.28
Jan	20.36	20.49	20.51	20.35

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	57.25	58.05	58.40	56.95
May	56.20	57.00	57.30	56.10
Jun	55.56	56.29	56.40	55.40
Jul	55.45	56.25	56.35	55.36
Aug	56.25	56.80	56.85	56.00
Sep	57.20	57.78	57.40	57.10
Oct	57.90	58.73	58.00	58.00
Nov	58.00	59.58	59.35	59.00
Dec	60.00	60.39	60.35	59.75
Jan	58.00	60.79	60.45	60.10

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	836	830	845	835
May	860	861	866	841
Jul	885	886	893	869
Sep	010	913	912	894
Dec	945	947	948	926
Mar	980	980	980	980
May	1002	1002	0	0
Jul	1027	1023	1027	1003
Sep	1055	1051	1047	1028
Dec	1080	1076	1073	1061

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	59.40	60.00	60.50	59.00
May	62.10	62.35	62.78	61.35
Jul	63.95	64.25	64.40	63.50
Sep	65.65	66.00	66.20	65.25
Dec	68.20	68.55	68.60	67.95
Mar	70.50	71.30	70.75	70.50
May	72.25	73.00	72.75	72.20

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	10.21	10.10	10.32	10.11
Jul	10.40	10.35	10.55	10.55
Oct	0.50	9.61	0.72	9.55
Mar	9.15	9.20	9.31	9.14
May	9.13	9.16	9.32	9.23
Jul	9.10	9.21	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	64.20	64.79	64.95	64.05
Jul	65.12	65.67	65.67	64.90
Oct	63.92	64.35	64.40	63.75
Dec	62.90	63.23	63.20	62.66
Mar	63.65	64.00	63.85	63.85
May	64.22	64.50	0	0
Jul	64.65	64.85	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	76.60	74.30	78.50	75.50
May	79.45	76.60	80.20	78.10
Jul	82.45	79.65	83.20	81.50
Sep	84.90	82.00	85.50	84.50
Nov	87.15	84.30	87.75	86.70
Jan	90.00	86.20	S1.20	89.50
Mar	91.00	88.00	S1.50	91.50
May	91.00	89.30	0	0
Jul	01.00	89.30	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Mar.11	Mar.10	mnth ago	yr ago
1763.9	1760.3	1757.1	1616.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar.10	Mar.9	mnth ago	yr ago
Spot	124.54	123.92	124.39	118.25
Futures	130.32	128.96	125.50	122.31

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	576/0	580/6	580/4	575/0
May	578/0	583/2	583/0	577/2
Jul	582/6	588/2	588/2	582/0
Aug	585/4	590/2	590/4	584/4
Sep	587/2	591/4	592/0	586/4
Nov	592/4	597/4	598/0	592/0
Jan	600/4	604/2	605/6	600/0
Mar	607/4	611/4	611/4	607/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	20.84	20.96	21.00	20.79
May	21.11	21.17	21.28	20.98
Jul	21.32	21.33	21.50	21.23
Aug	21.38	21.35	21.50	21.32
Sep	21.44	21.42	21.55	21.41
Oct	21.49	21.50	21.55	21.45
Dec	21.80	21.65	21.00	21.52

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	177.8	177.8	178.6	176.9
May	179.4	179.7	180.6	178.6
Jul	1S1.3	101.8	182.7	180.8
Aug	182.4	183.1	183.9	182.2
Sep	183.7	184.3	185.2	183.5
Oct	185.0	185.6	186.5	184.7
Dec	187.8	188.5	189.4	1S7.0
Jan	188.4	188.7	189.7	188.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	214/4	215/6	215/2	214/2
May	221/0	222/2	222/0	220/6
Jul	227/6	228/6	228/4	227/4
Sep	233/2	234/2	234/0	233/0
Dec	240/2	241/2	241/2	240/0
Mar	247/0	248/0	247/6	246/6
May	250/6	252/0	0	0
Dec	249/4	249/4	249/4	249/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	366/2	365/0	366/4	361/4
May	325/4	327/0	327/6	321/6
Jul	305/4	307/0	307/4	302/0
Sep	309/6	310/6	311/6	308/4
Dec	318/6	319/4	320/6	315/6
Mar	323/0	324/0	323/0	320/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	82.100	82.300	82.450	82.025
Jun	76.200	76.150	76.400	76.025
Aug	72.125	72.125	72.300	71.975
Oct	72.650	72.875	73.000	72.650
Dec	73.375	73.550	73.550	73.250
Feb	72.725	72.825	72.950	72.700
Apr	73.700	74.050	74.000	73.700

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	48.450	48.250	48.650	48.150
Jun	53.550	53.725	54.025	53.375
Jul	51.200	51.550	51.700	51.075
Aug	48.650	48.575	48.800	48.425
Oct	43.850	43.700	43.950	43.550
Dec	44.750	44.650	44.825	44.650
Feb	44.900	44.750	45.000	44.900
Apr	43.800	43.700	43.900	43.800

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	46.675	47.175	48.050	46.500
May	48.000	48.400	49.200	47.600
Jul	48.425	48.775	49.450	48.100
Aug	46.650	47.050	47.600	46.300
Feb	50.800	50.850	51.200	50.250
Mar	49.800	50.350	50.300	49.800

NEWS: THE TAURUS COLLAPSE

Angry City takes stock of the cost

THE CITY was angry and surprised at yesterday's confirmation that the Stock Exchange was cancelling the Taurus share settlement system.

Even after news leaked out on Wednesday that Taurus was likely to be scrapped, many had not expected such a move.

Mr Michael Lawrence, finance director of the Prudential and chairman of the 100 Group of leading finance directors, said: "A number of companies have invested a lot of time and money in Taurus. I hope something can be salvaged."

Companies were counting the costs of cancellation. One stockbroking firm estimated that it had spent about £1m on preparations for Taurus.

Estimates of banks' expenditure as share custodians and registrars vary. One banker estimates that service registrars have spent between £30m and £40m in the past three years on developing computer systems that could fit with Taurus.

Mr Martin Dorset, commercial director of Premier Systems, a computer software company which had spent more than £1.5m working on Taurus-related packages, said: "It is a wasted investment for us, our clients and everyone else in the market. It is fairly painful."

Mr Geoffrey Madrell, head of Pro Share, said: "The whole thing was put together by committee. Now all the compromises have broken out into the open."

Mr David Adams, chief executive of Manchester's Henry Cooke Lumsden, one of the leading firms of stockbrokers outside London, said: "It's devastating that so much money has been wasted. The whole thing has been driven by big institutions and the notion that you had to have lots of interlinked systems to ensure competition."

Mr Robert Binney, business executive for global securities services in Europe for Chase Manhattan said: "We will be the laughing stock of Europe. We have a Third World settlement system in a first-rank financial centre."

He said the Bank of England task force would have to risk some vested interests being "bent out of shape" in order to produce an automated settlement system quickly.

Banks have been dissatisfied with Taurus development because they believed they were investing money with an uncertain return while the exchange saw Taurus expenditure as a necessary cost.

Their second ground for dissatisfaction was that most banks wanted to move towards the Taurus end result in stages, with periods of rolling settlements for institutions gradually falling from 10 days to three, while retail investors carry on using the existing Talisman settlement system in the short term.

Mr Christopher Bull, finance director of RTZ, said he was "shocked" by the news, and called the Stock Exchange's failed development a "fiasco". He said it damaged the credibility of the UK software industry if it could not devise a system that worked after the time and money spent on it.

Institutional fund managers were highly critical of the exchange. "We are the laughing stock of Europe," said Mr Gordon Lindsey, managing director of custody and investor services at the UK's largest fund manager, Mercury Asset Management. "It's done serious harm to London as an international financial centre."

Britain is one of the few countries not to offer paperless trading and settlement. Germany, France, Switzerland, Spain, Italy, Hong Kong and even a few emerging markets such as Taiwan, Korea and Indonesia have such trading.

Countries with such a service generally have speedier, cheaper settlement systems, according to the institutional investors who use them. Though most exchanges with paperless trading deal in "bearer" shares which do not designate ownership.

In the US, most transactions are "demobilised" – all share certificates are placed in a central depository, the Depository Trust Company, and settlement is via book entry systems. Private investors wishing to possess share transactions may do so – after paying administrative costs.

"It is possible that the answer for Britain is a US-type system," said Mr Michael Robarts, a director of Fleming Asset Management.

Italy, once described by fund managers as a nightmarish stock exchange where transactions could remain unsettled for months, may offer some lessons.

Following the Stock Market crash of October 1987, the Italian government worked on making Monte Titoli, the securities clearing and settlement system established in 1978, more effective. Such was their such success that by 1992 it held securities valued at L100,000bn, and there are now no physical exchanges in the daily settlement of transactions in the Bank of Italy's settlement rooms.

Reporting by Andrew Jack with Norma Cohen, John Gapper, Maggie Urry, Jon Hamilton Fazey

SHOCKWAVES THROUGH THE MARKET

Peter Rawlins

"This draconian cancellation is a shock. A number of companies have invested a lot of time and money in Taurus. I hope something can be salvaged."

Mr Michael Lawrence, finance director of the Prudential, and chairman of the 100 Group of leading finance directors

"Don't intrude on private grief. This is a shock. Certainly no-one expected it."

Ms Judith Vincent, head of company and commercial law at the Confederation of British Industry

"It is a wasted investment for us, our clients and everyone else in the market. It is fairly painful."

Mr Martin Dorset, of Premier Systems, a computer software company which spent more than £1.5m working on Taurus-related packages

"The whole thing has been driven by big institutions. We need to get back to Taurus 1, the original idea which involved a single database."

Mr David Adams, chief executive of Henry Cooke Lumsden, Manchester based stockbrokers

Sir Andrew Hugh Smith

Lamont is handed £800m windfall

By Peter Norman, Economics Editor

THE DECISION to abandon Taurus should provide Mr Norman Lamont, the British chancellor, with windfall savings of about £800m a year, but should not result in any last-minute alteration to his Budget plans.

In the 1990 Budget, Mr John Major, the present prime minister who was then chancellor, announced plans to abolish the 0.5 per cent stamp duty on share transactions to coincide with the introduction of Taurus. But in January this year, as the chancellor began planning next Tuesday's Budget, the Stock Exchange said it would not be "going live" with the settlement system until April 1994.

That means Mr Lamont will have been able to factor the revenues from stamp duty into his Budget planning for the coming financial year. The Treasury had already become used to repeated delays in the promised introduction of the system.

Treasury officials estimate that stamp duty on share transactions produces between £800m and £900m in a financial year – equivalent to about ½ a percentage point on the basic 25 per cent rate of income tax.

Stamp duty yielded £1.7bn in 1991-92 of which roughly 50 per cent came from share transfers. Stamp duty is expected to yield less – £1.39bn – in the current financial year. That is because the temporary suspension of stamp duty payments on most house sales between December 1991 and last August cost the government an estimated £290m in 1992-93.

Other European Community countries have been removing stamp duty from share transactions, partly because a draft EC directive in 1986 suggested such action. The directive, however, was not adopted and the UK government is under no obligation to follow suit.

Finger of blame is pointed as jobs go

By Richard Waters and Andrew Jack

"THIS TAURUS thing is an industry, not a project," said a consultant with knowledge of the Stock Exchange's abandoned settlement system yesterday.

His thoughts were graphically borne out by the size of the clear-out accompanying its formal cancellation. Together with the resignation of Mr Peter Rawlins as chief executive, the departures of 220 exchange staff and a further 130 on contracts were also announced. Many more jobs are expected to be lost in the City as financial institutions curtail their own Taurus work.

With the news of the clear-out, the search for culprits began.

Until August 1989 there was no project director with overall responsibility for Taurus, only a technical team working on the project. The exchange brought in Mr John Watson, a consultant from Deloitte Haskins & Sells, which merged later with Coopers & Lybrand.

Yesterday his team was by implication blamed for failing to realise earlier that the project could not be completed at an acceptable cost. Sir Andrew Hugh Smith, the exchange's chairman, did not name him but said: "We were testing parts of the system while others had not been designed or built. It was only at the heart of the project that this was known."

Mr Watson had been a former deputy chief executive of the exchange, who had lost out in the race for the chief executive's job to Mr Jeffery Knight, Mr Rawlins' predecessor. Mr Watson whipped momentum into the project and won widespread support in the City. A dogged, hard-working man, he was seen as giving the project the best chance it had. There have been few if any calls for his resignation over the years.

Doubts began to gather last autumn, and Andersen Consulting was called in to examine the project. Its advice, which came as a shock, was that the project was inoperable and should be scrapped.

Early this year the technical side of the project was taken out of Mr Watson's hands and given to Mr Stewart Senior, a consultant with Coopers & Lybrand, and an urgent review was undertaken to see if anything could be done.

Mr Peter Rawlins' was blamed yesterday for his failure to exert more control over the project. When he became chief executive in 1990 he turned his attention to other matters: how to cut costs and streamline the exchange.

A former senior employee at the exchange said: "Taurus was either going to be Peter Rawlins' crowning glory or his nemesis. He never gripped it."

Stock Exchange chief failed to tame the bull

By Robert Peston, Banking Editor

MR PETER Rawlins, who resigned yesterday as chief executive of the exchange, has said he subscribes to the General Custer management method: run fast enough to stay ahead of the arrows. In the end he was trampled by Taurus the bull.

"It is a good thing that he has resigned," said the head of one of London's biggest investment banking houses. "He has lost credibility."

Mr Rawlins was appointed to the exchange in 1989 partly because of his computer expertise. There were already fears that Taurus was too ambitious and critics say he should have abandoned the system earlier. But his Achilles heel has been his knack of making enemies. A broker said: "The problem with Peter is that he always thinks he knows best."

When he arrived at the exchange it was a huge, inward-looking and unwieldy organisation, not sure whether it was a regulator, a trade lobby group, a commercial business or a provider of market services. It employed about 3,000 bureaucrats and strategy was the preserve of some 90 committees and sub-committees, typically made up of superannuated stockbrokers who had only reluctantly acceded to government pressure to deregulate the market in the Big Bang of 1986.

Mr Rawlins had little direct experience of the stock market. He trained as an accountant at Arthur Andersen – and ironically it was a report on Taurus's shortcomings by Andersen at the end of last year which precipitated yesterday's events. He had also worked for Sturge, the insurance broker, and had been seconded to the Lloyd's insurance market in the early 1980s as personal assistant to Mr Ian Hay Davison, then chief executive.

He lived up to his reputation as a cost-cutter. There are now just 16 exchange committees, while staff numbers were reduced to 1,400 – and yesterday by a further 220. He also tried to make the exchange more responsive to its customers by inviting industrialists on to its main board.

Much of the City old guard and many exchange employees were incensed. Those who ran the big securities houses were behind him but many have now been alienated. One leading broker said: "In the beginning he was definitely the right man. But he stopped listening to the industry".

LONDON STOCK EXCHANGE

Equities hold steady in brisk turnover

By Terry Byland, UK Stock Market Editor

PRE-BUDGET caution was only disturbed on the UK stock market yesterday by company announcements and by the disturbing news that the London Stock Exchange has abandoned Taurus, its plan for a paperless settlement system of securities deals. Member firms of the London Exchange, which are believed to have already spent around £350m on the project, reacted strongly to the Taurus decision, questioning whether the resignation of the chief executive of the Stock Exchange fully allayed their alarm. Overseas-based securities firms, in particular, expressed strong criticism of the exchange's behaviour.

Equities opened steadily but market indices were hurt by the unexpected resignation of the chief executive of Glaxo, once the market's favoured drug stock but a significant under-performer in London over the past six months. Nervousness was emphasised by the prospect that Wall Street, also a strong player in Glaxo shares, had yet to make its response to the news.

Heavy trade in Glaxo made up nearly 3 per cent of the day's total, with the rest of the drug sector also active as several London brokers advised clients to switch into other leading pharmaceutical names.

However, not all the advice was negative; some analysts shrugged off the boardroom news, pointing out that Glaxo was probably less likely to make a rights issue in the wake of the latest developments.

However, the setback in Glaxo's share price was responsible for more than three points of the day's fall of 3.3 points in the FT-SE Index, which closed at 2,953.4. The important Footsie 2,950 mark was lost again in early trading when the Index fell by 14 points, so analysts were left to make up their own minds as to whether the market was sound at present levels.

Seaq volume was brisk, with the day's total of 622.3m shares, comparing with 687.5m on Wednesday. Non-Footsie business made up around 65 per cent of the day's total trading. Retail volume in equities has remained high this week, and was worth £1.81bn on Wednesday.

The disclosure of a substantial loss, dividend cut and workforce layoffs by Rolls-Royce had been to a large extent foreseen in the stock market. A higher payout from Enterprise Oil offset lower profits and left the oil exploration sector little moved.

In terms of the effect on the FT-SE Index, weakness in Glaxo was counterbalanced by gains in other drug stocks and also in ICI.

Market firms continued to focus on reducing commitments ahead of the end of the equity trading account today and the Budget speech from Mr Norman Lamont, the UK chancellor of the exchequer, on Tuesday. The stock market believes that the chancellor will avoid any strong moves towards tightening taxation at this stage.

In particular, no changes in corporate taxation are expected next week, and the domestic question of tax relief on mortgage interest payments is thought unlikely to be addressed at this stage. A further modest reduction in UK base rates is regarded as virtually certain, although for the longer term, there is still a question over the implications for inflationary pressures of the substantial devaluation of sterling since mid-September.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000s	Closing Price	Day's change
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Mar 1	Mar 15	Mar 29
Option Declarations:	Mar 11	Mar 25	Apr 15
Last Dealings:	Mar 12	Mar 26	Apr 16
Account Day:	Mar 22	Apr 5	Apr 26

*New time dealings may take place from 8.30am two business days earlier.

Heavy selling of Glaxo

THE STOCK market was stunned by the latest piece of bad news from Glaxo, the drugs group whose second place in the London market's top 100 list by market value is being seriously threatened by Shell Transport. Glaxo held the number one spot in London for a number of months last year before being overtaken by BT.

The resignation of Dr Ernest Mario, chief executive and deputy chairman, saw London's marketmakers slash their dealing levels in Glaxo to head off any huge selling pressure. The move was successful in the short term but failed to prevent large scale selling and switching operations during the rest of the session when the news had fully done the rounds of the big institutions.

Dr Mario's resignation comes only days after the shares were hit by allegations that Glaxo's Zantac anti-ulcer drug has violated US drug laws.

Yesterday Glaxo shares began the session at 696p but collapsed to 652p as the resignation news was made public. The stock rallied later in the session, closing a net 19 off at 668p. Turnover in Glaxo expanded rapidly to reach 24m, the highest-ever single day's business in the shares, just topping the 23m traded in the middle of last month when the group announced its interim figures.

Analysts were shocked by the latest news in what is viewed a series of misfortunes that have dogged Glaxo. The shares peaked at 930p in 1993, but rapidly lost favour with US funds. The most recent fears in the market have been that the group may be seeking to raise cash via a mega rights issue to fund a move into the US over-the-counter drugs market. Warner Lambert was seen as the group's prime takeover target.

Some analysts took the view yesterday that the shares had further to fall. "The market doesn't like intrigue and uncertainty and is taking a poor view of recent events," said one top drugs sector specialist. But leading marketmakers said the recent steep fall in the share price "provides an outstanding buying opportunity in one of the market's top class stocks".

Other leading drug stocks were beneficiaries of the switching out of Glaxo. Smith-Kline Beecham raced up to close a net 17 higher at 491p and Wellcome jumped 28 to 935p.

Airtours raids Owners

The battle for control of Owners Abroad, Britain's second biggest holiday tour operator, grew more heated as its smaller rival Airtours, which is seeking to acquire Owners, picked up just over 4 per cent of the equity at an average of 144p a share. Dealers said that Airtours' joint broker BZW had been attempting to buy around 10 per cent of Owners shares, although a spokesman for Airtours refused to confirm this. Owners shares closed 1½ better at 141p in turnover of 13m. Airtours climbed 4 to 333p.

Rumours suggested further spice could be added to the takeover battle today with the announcement by one leading institution over which side it will support. Owners claimed yesterday that summer bookings were good, but Airtours hand was further strengthened when Paribas became the latest broker to support its £290m bid, joining Smith New Court, Hoare Govett and Panmure Gordon.

GrandMet firm

Talk of sluggish demand and fierce competition continued to drag on the drinks sector, with investors shunning domestic stocks and turning to Grand Metropolitan, where analysts hava returnad from recent meetings with an upbeat message. The US vegetable business has begun to recover, and with half its profits earned in dollars the group is also a big beneficiary of recent currency movements. Analysts also pointed out Grand Met's low exposure to the weak Scotch market and the upturn in US own drinks business. The shares added 8 to 479p in turnover of 3.9m.

Bass continued to suffer a hangover from the recent spate of downgrades and the shares slipped 8 to 575p, dragging with it Whitbread 'A', off 4 at 477p.

Turnover in BTR soared to 10m after the company cheered the market with 1992 results that topped the £1bn mark for the first time. Profits at the international conglomerate improved by 18 per cent to £1.085bn and investors are to receive a higher than anticipated final dividend.

The shares jumped 25 to 612p as brokers moved to npgrada current year profit estimates. The range of predictions for this year's profits is between £1.25bn and £1.28bn, with BZW top of the range on £1.30bn.

Preliminary resnlts from Enterprise Oil proved a disappointment to the market with the increase in the dividend fully expected. A number of specialists expressed concern over the gronp'a exploration record during 1992 and said the company's "finding costs" had risan aharply. Enterprise shares closed 10 down at 497p.

The rest of the oil sector found it hard to make any fresh progress, reacting to the slide in crude oil prices, where April Brent dipped below $19 a barrel, amid worries that Kuwait may leave Opec.

Lasmo endured more sustained selling pressure, the shares slipping a further 6 to 181p with some dealers openly speculating about the likelihood of a cut in the dividend when the preliminary figures are published on March 24.

Standard Chartered, which powered to a five and a half-year high after revealing preliminary figures on Wednesday, gave up 13 to 702p.

Refuge was the pick of the life sector, the shares advancing 26 to 1020p after the much better than expected 8.6 per cent rise in the dividend. Britannic, which has a 9 per cent stake in Refuge, climbed 20 to 1270p.

Willis Corroon raced up 18 to 208p with First Boston, the US investment bank, said to have been an aggressive buyer of the stock.

A small number of brokers, notably Kleinwort Benson, were said to have turned more positive on Dixons, with the Silo subsidiary in the US the focus of attention. The shares gained 4 to 235p.

Marks and Spencer continued to attract investors attention on the back of its low historic rating and rumours of good sales. The shares rose 7 to 359p in chunky turnover of 7.8m.

Covering of positions by one marketmaker squeezed Iceland Frozen Fooda up 23 at one stage, before slipping to close 15 ahead at 738p.

A buy recommendation from Lehman brothers coupled with an upgrading of profit expectations from NatWest Securities boosted BAA and the shares ended 7 better at 800p.

Shares in Rolls-Royce had a volatile session as the company reported results. They fell initially as the market reacted to a loss of £184m, far greater than anticipated, but including an exceptional charge of £268m. This was however later taken by the market to be a positivs restructuring move that should benefit the company and taken with the lower than anticipated dividend cut, helped the shares rally to close a net 2¼ better at 131½p, in hefty trade of 17m. Mr Keith Hodgkinson at Lehman Brothers – who said "it looks like the company has actually got to grips with the problems" – is predicting profits for this year of £115m. Mr Clive Forrester-Walker at Charter House Tilney is more cautious and has pencilled in £95m for 1993 profits.

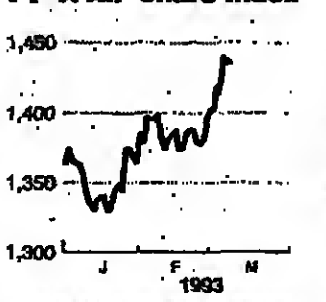
Elsewhere in the sector, the improved dividend at TI Group as it reported figures helped the shares add 6 to 316p.

Amstrad jumped 4¼ to 35½p on turnover of 20m shares, the heaviest since July last year, after news that it will launch a "personal digital assistant" computer in London next week.

MARKET REPORTERS: Christopher Price, Joel Kibazo, Steve Thompson.

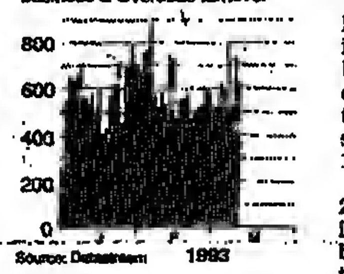
■ Other market statistics, Page 18.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (198). BRITISH FUNDS (14) Tr. 8¾pc 1999, Conv. 9½pc 2005, Treas. 8pc 2009, Tr. 2½pc IL 2001, Tr. 2½pc IL 2003, Tr. 4⅝pc IL 2004, Tr. 2pc 2006, Tr. 2½pc IL 2009, Tr. 2½pc IL 2011, Tr. 2½pc IL 2013, Tr. 2½pc IL 2016, Tr. 2½pc IL 2020, Tr. 2½pc IL 2024, Tr. 4⅛pc IL 2030, OTHER FIXED INTEREST (2) Nationwide Anglia 3⅞pc IL 2021, Do. 4⅛pc IL 2024, AMERICANS (13) BankAmerica, Bankers NY, Chase Manhattan, Citicorp, Cont'l. Bank, Dun & Bradstreet, Eaton, Gillette, Lowe's, Morgan (JP), Pac. Tel., Texaco, Warner, CANADIANS (6) Hudson's Bay, Imperial Oil, BANKS (8) Allied Irish, Austl. Bk. Ireland, Do. of Scot. 9¾pc Pf., Deutsche, Fuji, Natl. Austl., Ottoman, Sakura, BREWERS (1) Wetherspoon, BLDG MATLS (1) Manders, BUSINESS SERVS (3) ISS-Int. Serv. Sys. B, Johnson Cleaners, Serco, CHEMS (2) Schering, Yule Catto, CONGLOMERATES (1) CSR, CONTG & CONSTRCN (1) Eve, ELECTRICALS (6) Critchley, Jones Stroud, Mitsubishi, Motorola, TDK, Toshiba, ELECTRICITY (13) Eastern, London, Midlands, Natl. Power, Northern, Norweb, PowerGen, Scot. Hydro-Electric, Scot. Power, Seeboard, South Wales, Southern, Yorkshire, ELECTRONICS (8) Control Techs., Ferranti, Hewlett-Packard, ISA Intl., Kode, Learmonth & Burchett, Linx Printing, Trace Computers, ENG AERO (1) Westland, ENG GEN (7) Carclo, Clayhithe, Clyde Blowers, Concentric, Dickie, Fairey, Vosper, FOOD MANUF (6) Everest, Hazlewood, Nestle (Br). Do. (Reg). Unilever, Do. NV, FOOD RETAILING (2) Geest, Iceland, HEALTH & HSEHOLD (3) Amersham, Beepak, Whatman, HOTELS & LEIS (3) Barr & Wallace A, Kunick Pf., Stakis, INSCE COMPOSITE (2) Allianz, Amer. Gen., INSCE LIFE (2) Britannic, Refuge, Utd. Friendly B, INV TRUSTS (24) American, Do. B, EFM Japan, Do. Wrrts., First Philippine, Fleming Japanese Wrrts., Foreign & Col PEP, Fulcrum Zero Pf., Gen. Cons. Stppd. Pf., Grahams Rintoul, Inv. Tst. of Guernsey, Martin Currie Pacific, Do. Warrants, Merlin Intl. Green, Multitrust, Murray Smllr. Mkts., Do. B, New Frontiers 8½pc Ln. 2010, Nth. Amer. Gas, Do. Wrrts., O'seas. Inv. Warrants, Second Alliance, St. David's, Turkey Tst., Do. Wrrts., MEDIA (5) Abbot Mead, Johnston Press, TVS Ent. 7.4pc Pf. 2008, Utd. News., WPP Wrrts., MERCHANT BANKS (2) Schroders, Do. N/V, MTL & MTL FORMING (1) Triplex Lloyd, MISC (2) Glenchewton, Ricardo, MOTORS (2) Henlys, Pendragon, OIL & GAS (4) Command, Occidental, Santos, Shell 7pc Pf., OTHER FINCL (6) EFT, Gerrard & Natl., Invesco MIM 8pc '95/00, Ivory & Sime, Smith New Court, Do. Pf., OTHER INDLS (6) BH Prop., BTR, Do. Wrrts., Do. Wrrts. '92/93, Do. Wrrts. '94/95, Do. Wrrts. '95/96, Harris (Ph). McKechnie, Pacific Dunlop, PACKG, PAPER & PRNTG (6) Bowater 7⅛pc Pf., Enso-Gutzeit, Hunters Armley, Jarvis Porter, Macfarlane, Portals, PROP (7) Bilton, Brit. Land (Jersey) 6⅝pc Bds., Land Lease, Prop. Security, St. Modwen, Town Centre, Union Square, STORES (8) Brown (N), Marks & Spencer, Next, TEXTS (3) Baird, Claremont Grmts., Surling, TRANSPORT (7) Manchester Ship, WATER (8) Cheam, Severn Trent, South West, Southern, Thames, Welsh, Wessex, Yorkshire, MINES (4) CRA, Normandy Poseidon, Sons Gwalia, Western Mining.
NEW LOWS (4).
HOTELS & LEIS (1) Eurocamp, INV TRUSTS (1) SPLIT Inc., MISC (1) Stonehill, STORES (1) Dunhill.

FINANCIAL TIMES EQUITY INDICES

	Mar 11	Mar 10	Mar 9	Mar 8	Mar 5	Year ago	High	Low
Ordinary share	2294.5	2299.5	2294.0	2293.4	2265.9	1948.8	2299.5	1670.0
Ord. div. yield	4.26	4.24	4.25	4.26	4.30	4.81	5.34	4.23
Earning yld % full	5.99	5.96	5.94	5.95	5.97	6.54	-	-
P/E ratio net	20.80	20.90	21.04	20.99	20.95	19.36	22.01	15.79
P/E ratio nil	19.23	19.32	19.39	19.34	19.37	18.37	-	-
Gold Mines	95.8	94.4	95.0	94.0	92.8	127.1	150.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2301.7	2295.9	2295.8	2291.7	2294.8	2295.0	2295.6	2293.7	2296.5	2301.7	2289.5

Volume	Mar 11	Mar 10	Mar 9	Mar 8	Mar 5	Year ago
SEAQ Bargains	43,730	40,321	44,492	42,784	36,055	28,988
Equity Turnover(£m)†	-	1906.2	1525.4	1231.6	1415.3	1049.8
Equity Bargains†	-	46,533	50,390	45,952	42,775	32,507
Shares traded (mil)†	-	627.7	734.2	538.8	600.9	420.9

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

THE chief axacutiva's resignation at Glaxo along with continued nervous trading ahead of next week's Budget unsettled the futures, leaving it to trade in a narrow range, writes Joel Kibazo.

The early buying of the March contract on the FT-SE, which saw it move 7 ahead to 2,967 shortly after the market's opening, was led by independent traders. However, consideration of the announcement from Glaxo caused a turnaround in the fortunes of the contract and by 9.30am it had fallen to 2,942.

A period of sideways trading then followed which saw the contract trading between 2,947 and 2,960 for the rest of the day with some buying over the lunchtime period being the reason for the rise to the 2,960 level.

The weakness in gilts and the German markets was also cited as a reason for the dull trading, whila in the afternoon Wall Street had no impact. March finished at 2,950, 8 below its previous close and at a discount to the underlying cash market. Turnover was unimpressive at 8,373 lots.

Volnme in the traded options was high, with a significant contribotion coming from BTR. The day's total came to 48,414 lots with 8,270 contracts dealt in the FT-SE 100 option.

The Euro FT-SE 100 contract was particularly busy with 9,160 lots recorded. In the stock options, BTR saw hefty business of 9,843 lots.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2953.4 −3.3	3121.8 +4.0	1437.25 −0.87

	Mar 11	Day's change %	Mar 10	Mar 9	Mar 8	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2953.4	−0.1	2956.7	2949.9	2957.3	2403.3	6.13	4.09	20.86	13.45
FT-SE Mid 250	3121.8	+0.1	3117.8	3119.2	3119.7	2472.6	6.61	4.06	18.13	9.00
FT-SE-A 350	1455.8	−0.1	1456.7	1454.2	1457.1	1212.8	6.24	4.09	20.46	6.11
FT-SE SmallCap	1587.76	+0.2	1585.07	1582.97	1580.93	—	5.21	4.07	26.79	5.79
FT-SE SmallCap ex Inv Trusts	1572.72	+0.2	1569.01	1568.45	1564.72	—	5.80	4.32	24.70	5.02
FT-A ALL-SHARE	1437.25	−0.1	1438.12	1435.58	1438.22	1198.62	6.17	4.06	20.75	5.98
1 CAPITAL GOODS(211)	952.57	+0.3	949.44	957.60	962.44	793.43	5.84	4.43	22.40	1.70
2 Building Materials(27)	942.27	−1.7	958.45	984.76	991.82	859.64	5.50	5.61	25.17	0.77
3 Contracting, Construction(29)	810.33	−0.4	813.67	823.15	824.99	882.25	2.97	5.93	80.00	1.66
4 Electricals(14)	2738.59	−0.2	2742.99	2763.58	2771.66	2475.25	5.33	5.30	24.70	3.25
5 Electronics(35)	2590.68	+0.7	2581.91	2575.87	2619.10	1820.75	6.16	3.51	20.46	15.06
6 Engineering-Aerospace(7)	360.99	+0.5	359.31	361.86	365.33	342.68	8.80	4.23	13.00	1.93
7 Engineering-General(52)	568.30	+0.4	564.01	562.00	562.58	498.03	8.96	4.18	18.32	1.30
8 Metals & Metal Forming(11)	387.31	+0.1	386.84	389.74	382.45	330.46	4.48	3.39	32.44	0.34
9 Motors(16)	404.79	−0.6	407.26	404.24	404.01	320.16	5.21	5.81	27.35	0.00
10 Other Industrials(18)	2125.20	+1.5	2094.02	2113.45	2113.86	1582.46	5.56	4.13	22.01	0.23
21 CONSUMER GROUP(232)	1749.18	−0.1	1750.77	1744.58	1738.76	1639.80	6.72	3.43	18.50	6.37
22 Brewers and Distillers(28)	2001.52	—	2001.22	2007.87	2003.00	2099.98	8.41	3.79	14.49	10.18
25 Food Manufacturing(22)	1466.43	−0.3	1471.34	1462.30	1459.89	1287.22	7.10	3.66	17.59	1.54
26 Food Retailing(18)	3306.73	—	3307.26	3315.35	3326.00	2605.71	7.69	3.17	16.93	2.40
27 Health & Household(29)	3919.36	+0.4	3902.53	3930.37	3797.36	4255.11	5.92	3.05	19.55	21.95
29 Hotels and Leisure(20)	1338.58	−1.8	1363.76	1365.28	1358.41	1292.74	5.99	5.15	22.34	14.46
30 Media(33)	1865.16	−0.4	1903.16	1909.89	1906.21	1534.93	5.47	2.64	22.74	3.38
31 Packaging and Paper(23)	852.23	−0.7	858.22	861.80	864.47	756.31	6.32	3.87	19.52	0.57
34 Stores(38)	1169.86	+0.3	1165.58	1162.46	1161.36	1037.75	6.19	3.11	21.44	2.92
35 Textiles(20)	806.36	−0.2	808.16	806.03	808.98	654.44	6.10	3.95	20.74	0.66
40 OTHER GROUPS(142)	1543.79	—	1543.29	1537.90	1545.50	1202.67	7.91	4.31	15.58	4.84
41 Business Services(27)	1674.74	−0.6	1684.80	1688.22	1697.14	1359.25	5.36	3.09	23.03	0.48
42 Chemicals(23)	1571.12	+0.6	1561.12	1562.41	1555.72	1457.25	5.60	4.85	22.67	0.57
43 Conglomerates(11)	1494.74	−1.4	1516.59	1528.18	1536.50	1343.17	6.97	5.36	18.23	13.31
44 Transport(16)	2986.11	−0.2	2971.50	2960.09	2947.59	2378.57	7.21	4.02	16.77	3.49
45 Electricity(16)	1755.48	+1.1	1738.57	1720.93	1720.58	1167.13	12.34	4.33	10.41	16.54
46 Telephone Networks(4)	1785.26	−0.3	1791.04	1782.91	1807.76	1365.19	7.38	3.83	17.66	1.63
47 Water(13)	3600.35	+1.3	3554.86	3542.17	3539.25	2311.56	12.55	4.92	8.85	11.63
48 Miscellaneous(32)	2474.50	+0.2	2468.65	2437.26	2464.12	1789.16	6.54	4.37	19.06	1.84
49 INDUSTRIAL GROUP(485)	1490.80	—	1490.37	1488.43	1490.02	1287.94	6.07	3.92	17.91	4.65
51 Oil & Gas(18)	2435.86	−0.2	2441.74	2434.02	2441.30	1997.49	5.89	5.23	22.08	23.60
59 "500" SHARE INDEX(503)	1577.14	—	1577.13	1574.77	1576.78	1355.24	6.86	4.06	18.27	6.02
61 FINANCIAL GROUP(89)	996.85	−0.4	1001.01	997.57	1002.62	699.14	3.05	4.45	82.27	6.06
62 Banks(9)	1365.15	−0.7	1376.40	1373.17	1383.46	855.10	4.55	4.12	32.67	10.68
65 Insurance (Life)(6)	2043.25	−0.3	2048.86	2048.80	2049.74	1423.12	2.46	4.46	71.21	0.00
66 Insurance (Composite)(7)	657.45	−1.4	666.76	664.78	666.44	451.79	‡	5.03	†	3.25
67 Insurance (Brokers)(10)	845.30	+4.6	808.93	808.48	811.56	983.67	6.95	4.93	19.41	5.42
68 Merchant Banks(6)	512.88	+0.1	512.35	513.86	517.99	453.54	8.91	3.74	19.03	2.32
69 Property(28)	756.80	+0.4	753.84	750.36	750.32	695.58	7.41	5.54	17.47	1.35
70 Other Financial(23)	349.36	—	349.40	348.15	345.32	240.53	6.29	4.90	20.92	1.10
71 Investment Trusts(107)	1476.29	—	1478.64	1477.31	1479.80	1170.50	2.25	2.95	44.35	6.85
99 FT-A ALL-SHARE(788)	1437.25	−0.1	1438.12	1435.58	1438.22	1198.62	6.17	4.06	20.75	5.98

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2958.4	2951.3	2949.0	2946.9	2953.3	2953.7	2954.7	2951.2	2952.0	2958.4	2942.7
FT-SE Mid 250	3120.3	3119.3	3118.5	3119.4	3120.9	3121.7	3121.3	3120.1	3122.1	3122.2	3117.6
FT-SE-A 350	1457.6	1454.9	1453.8	1453.1	1455.7	1455.6	1456.3	1454.6	1455.3	1457.6	1451.3

Gross dividend yield (ACT at 25%) FT-SE 100: 4.09%

FT-SE Actuaries 350 Industry Baskets

Equity	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1581.8	1580.7	1578.7	1577.7	1575.8	1575.8	1575.6	1575.1	1572.7	1572.7	1583.3	−10.6
Health&H	1171.1	1162.3	1165.9	1169.7	1170.3	1170.2	1173.9	1171.7	1179.6	1180.7	1176.4	+4.3
Water	1473.1	1472.3	1479.2	1482.7	1488.1	1488.5	1489.7	1489.3	1488.7	1489.1	1469.6	+19.5
Banks	1671.5	1663.6	1664.5	1669.5	1663.5	1663.6	1666.1	1663.4	1660.7	1664.0	1674.7	−10.7

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

The FT-SE Actuaries Share Indices are audited by The WM Company.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992/93 high	low	Int.	Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	low	Int.	Red.
[illegible]						

OTHER FIXED INTEREST

Notes	Price £	+ or -	1992/93 high	low	Int.	Red.
[illegible]						
5pc Cap 1996	101½	+½	105½	90	8.87	-
13pc '97-2	115	+¼	119¾	103⅜	11.30	-
Hydro Quebec 15pc 2011	145⅝	−⅛	148½	130¾	10.30	9.63
Leeds 13½pc 2006	134¾	−¼	135¼	116¼	10.02	9.01
Liverpool 3½pc Irred	36	−¼	36½	30	9.72	-
LCC 3pc '20 Aft	32½	+¼	32½	27	9.28	-
Manchester 11½pc 2007	119½	−½	120¼	103¼	9.62	9.09
Met. Wtr. 3pc 'B'	67½	+¼	67½	53	4.44	7.72
N'wide Anglia 3⅞pc 2021	123½	+1¼	123½	103¼	-	4.63
4⅛pc IL 2024	122	+1¼	122	103¼	-	4.45
Utd Mex States 16½pc 2008	137	−¼	138	121½	12.04	11.36

Continued on next page

AMERICANS

	Notes	Price £	+ or −	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		18¾xd	+⅛	21⅛	14⅝	15,378	2.5
Allegheny & W	♥	550p	—	560p	226p	287.4	3.7
Apdahl		557p	—	1150p	438p	825.5	1.2
Amer Cyanamid		35⅛	+½	38⅝	28⅝	3,256	3.1
Amer Express		18⅞xd	−⅛	19⅝	10⅞	8,922	3.7
Amer T & T		40⅛xd	−⅛	40⅞	20⅛	53,777	2.2
Ameritech		52	+⅛	52¾	32½	22,767	4.8
BankAmerica		37⅛xd	+⅞	37⅛	19⅛	13,087	2.6
Bankers NY		21xd	+½	51	28⅞	4,093	4.2
Bell Atlantic		38	—	39⅛	23⅛	16,450	4.7
BellSouth		39½	+⅛	39⅞	25	19,004	5.0
Bethlehem Steel	♥	13⅛xd	+⅛	13⅛	5⅛	1,190	−
Bowater		1629pxd	—	1662p	905p	590.3	1.7
CPC	h	33⅝xd	−⅜	34⅝	22⅞	5,893	2.5
Cadiz Land Inc.	♥	115p	—	342p	108p	−	−
California Engy		1435p	—	1435p	591p	261.3	−
Chase Manhattan		24⅛xd	+⅞	24⅛	8⅛	3,728	3.4
Chrysler		27⅞xd	+⅛	28⅞	6⅛	8,102	1.5
Citicorp		20xd	+⅛	20	5⅛	7,311	−
Colgate-Palm		45⅞xd	—	45⅞	25⅛	7,254	1.6
Cont'l Bank		1750p	+56	1750p	499p	1,816	2.3
Dana		32⅞xd	−⅛	34⅛	14⅞	1,507	3.3
Data General		951p	+18	1004p	384p	262.4	−
Decora Inds.	♥	148p	—	148p	66p	−	−
Dun & Brad		41⅛	+⅛	41⅛	27⅛	7,327	5.0
Eaton		59⅝	+⅛	59⅝	32½	2,061	2.6
Echlin		17⅛xd	−½	18⅞	7⅜	989.6	2.8
FPL		26⅛xd	—	27⅞	17⅛	4,893	6.3
Ford Motor		34⅛	−⅛	35⅛	15	16,982	2.0
Gen Elect		60⅛xd	−⅛	61⅛	36⅛	52,043	2.8
General Host	♥	680p	+16	723p	360p	−	3.6
Gillette		42⅛xd	+⅞	42⅛	21⅛	9,325	1.2
Hasbro		20⅞	—	23½	12⅞	1,816	8.8
Honeywell		23⅛xd	−⅛	24⅞	16	3,179	2.6
Houston Inds		32⅞	+⅛	33⅛	22	4,257	6.3
IBM		38⅛xd	−1⅛	54½	29⅝	21,806	3.9
Ingersoll-Rand		23⅛xd	−⅛	25	12⅛	2,448	2.1
Lockheed		41⅛	—	42½	22⅞	2,561	3.5
Lowe's	h	2251p	+30	2251p	815½	1,642	0.8
Merrill Lynch		49⅛xd	−⅛	49½	24⅛	5,074	1.7
Morgan (JP)		48⅛xd	+1⅛	48½	28⅛	9,290	3.4

CANADIANS

BANKS

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BUILDING MATERIALS - Cont.

BUSINESS SERVICES

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ELECTRICITY

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ENGINEERING-GENERAL - Cont.

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HOTELS & LEISURE - Cont.

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INSURANCE LIFE

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INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

METALS & METAL FORMING

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PROPERTY

MISCELLANEOUS

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OTHER FINANCIAL

TRANSPORT

MEDIA

OTHER INDUSTRIALS

WATER

STORES

SOUTH AFRICANS

MOTORS

PLANTATIONS

PACKAGING, PAPER & PRINTING

MINES

OIL & GAS

Glencar Expl IR	7	—	16	6	1.29	–
Greenwich Res	14	–1	16½	2	19.2	–
Hemlo Gold C$	1045/8	—	1078	£3½	445.9	2.2
Ivernia West IR	43	—	59	30	21.6	–
Kalia Minis IR	8	—	42	5	8.19	–
Kenmare	7	—	8	2¾	6.72	–
Malinga Res.	17½	—	48	9	1.93	–
Moran Res IR	27	—	34	16	3.62	–
5pc Ln Notes	29	—	74	25	5.27	–
Oryx Gold	57	—	193	46¾	–	–
Platson	38	—	13	3	1.37	–
RTZ	675	–13	704	469	6,778	3.9
Vizcaya	4¼	—	5¼	1	2.54	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

2 Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £125 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT8486. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	170 6	172 5	181 6	+0 10	0.00
AIB Grofund Equity	3	209 4	212 3	224 6	-3 40	1 35
AIB Grofund Euro	3	165 7	166 1	177 0	+0 50	0 32
AIB Grofund Exe Balanced	3	101 8	103 7	107 0	-0 10	2 28
AIB Grofund Gilt	3	78 45	78 61	81.09	+0.04	5 00
AIB Grofund Japan	3	139 8	141 4	148.9	+0.30	0 00

AXA Equity & Law Unit Tst Mngrs (1200)H

Equity & Law Hse Corporation St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	421 9	425 8xd	453 0	+1 8	2 55
General Acc	5	465 5	467 5xd	497 4	+2 0	2 55
UK Growth Acc	6	311 7	316 1	336 5	+1 0	2 86
UK Growth Inc	6	223 5	226 6	241 1	+0 7	2 86
Higher Inc Acc	6	558 5	566 7	602 9	+1 7	3 96
Higher Inc Inc	6	344 5	349 5	371 9	+1 1	3 96
Gilts/Fxd Int Acc	$3\frac{1}{2}$	176 6	176 6xd	186 5		6 62
Gilts/Fxd Int Inc	$3\frac{1}{2}$	92.54	92.54xd	97 73	-0 01	6 62
Nth America	6	269 5	275 1	292 7	+1 7	0 00
Far East	6	266 7	266 7	283 8	-0 6	0 34
Europe	6	220 7	220 7xd	234 8	-0 0	1.27
Brit Excell	6	64 66	64 66	68 79	+0 36	2 82
Brit Fndmtls Acc	6	84 43	84 43xd	89 82	+0 35	5 23
Brit Fndmtls Inc	6	65 50	65 50xd	69 68	+0 27	5 23
Global Opps	6	71 26	71 26	75 81	+0.35	0 00

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	129 7	129 7xd	137.5	+0 1	6 91
High Inc Equity	6	149 3	152 3	162.0	+0.1	5 25
Worldwide Bond	6	269 0	269 0xd	285 3	-0 1	4 39
American Growth	6	304 6	304 6	325 7	+2 1	61
Asian Pacific	6	214 7	219 4	233 4	-1 7	83
Assets & Earnings	6	228 5	232 9	247 7	-0 2	2.36
Capital Reserve Acc	0	125 0	125 0	125 1		5 94
Comdty & Energy	6	71 18	71 18xd	76 12		1 10
1992 Enterprise	6	81 51	81 31	87 17	+0 17	2 32

Britannia Life Unit Managers Ltd (1200)F

50 Bothwell Street Glasgow G2 6HR 041-223 6020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	94 84	93 88	102 53	+0 08	2 39
Do (Accum)	6	107 54	104 68	111 96	+0 08	2 39
Smaller Cos	6	16.31	78 46	83 91	+0 11	1 81
Do (Accum)	6	87 05	84 83	90 73	+0 12	1 81
Higher Yield	6	37 89	38 31	40 97	+0 08	4.52
Do (Accum)	6	51 67	52.26	55 90	+0 11	4 52
American Gth Inc	6	59 46	59 67xd	63.82	+0 12	0 00
Do (Accum)	6	60 57	60 81	65 03	+0 12	0 00
European Growth	6	96 34	96 50xd	103 22	+0 19	1 78
Do (Accum)	6	97 68	97 04	104 64	+0 19	1 78
Global Bond Inc	6	29.97	30 05	31 88	+0 11	5 78
Do (Accum)	6	36 90	37 00	39 26	+0.13	5 78
Managed P'folio Inc	6	34 04	34 90	37 33	+0 07	1 54
(Do Accum)	6	34 94	35 00	37 43	+0 07	1 54
Pacific Growth Accum	6	90 40	91 36	97 71	-0 05	1 17
Intl Spec Opps Accum	6	85 92	87 01	93 06	-0 21	1.09

Brown Shipley & Co Ltd (1000)F

9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	92.69	92.69xd	98 72	+0 15	2.11
Mngd P'folio Acc	6	173.2	173 2	186 6	+0 30	-
UK General	6	149 6	149 6	159 3	-0 10	3 10
European Inc	6	23 22	23 22	24 98	+0 04	0 45
European Acc	6	23 98	23 00	25 80	+0 04	-
Financial	6	118 4	118 4xd	126 1	+0 40	3 52
Foundation	6	75 01	75 86	81.86	-0 27	3 43
German	6	43 76	43 76	46 91	-0 26	0 09
Growth Inc N5-11	5	28 61	28 61	30 53	+0 05	3 03
Growth Acc N5-11	5	33 31	33 31	35 55	+0 06	-
High Income	6	70 08	71 38xd	76 74	-0 13	1 19
Income	6	125 5	127 8	136 8	+0 50	4 24
Intl Income	6	90 20	90 20	96 07	-0 53	5 02
Intl Growth ♣	6	13 40	33 40	13 57	+0 11	0 22
Monthly Income	6	69 40	71 79	76 46	+0 01	4 41
North American	6	109 0	110 0	117 2	+0 46	0 19
Orient ♣	6	166 3	106 3	114 6	+1 60	-
Recovery	6	35 95	37 39	40 19	-0 01	2 96
Smaller Cos Acc	6	262 3	277	297 1	+6 08	-
Smaller Cos Inc	6	153 6	162 6	174 0	+0 60	1 32

Brycourt Unit Tst Mngmt Ltd (1400)F

Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth		197 2	197 2	202 4		6 17

Buckmaster Mangmt Co Ltd (0930)H

15 St Botolph Street, London EC3A 7LJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fellowship Tst	$5\frac{1}{4}$	64 57	65 36	69 54	+0 05	1 18
(Accum Units)	$5\frac{1}{4}$	72.80	72 87	77 53	+0 05	1 18

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

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Sharp (Albert E J) & Co (1000)F

Stewards Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mgmt Ltd (1000)F

Smith & Williamson Unit Trusts Mgrs (1600)F

Societe Generale Touche Remnant (1200)F

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mngmt Ltd (0730)H

State Street Unit Trust Mngmt Ltd (1200)F

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)F

T.U. Fund Managers Limited (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

UBS Unit Tst Mngrs Ltd (1200)F

Unit Trusts Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Investment Fund

Charities/Charishares Trust

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fdts

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court

Gartmore Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Merlin Jupiter Unit Trust Managers Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Touche Remnant UT Mgrs

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Acorns Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance Co

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur. Plc

Assicurazioni GENERALI SpA

Growth & Sec. Life Assur. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General—Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

National Westminster Life Assce Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

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Continued on next page

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

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JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Russian crisis shakes D-Mark

FEARS THAT the political situation in Russia could be deteriorating caused the D-Mark to slip on the currency markets, *writes Gillian Tett.*

As news of the uncertainty trickled through yesterday morning, the dollar bounced sharply higher against both the D-Mark and the yen, reaching a high of DM1.6703.

However, a mixed set of US economic figures eventually calmed the dollar's rise, and by the end of the day it had fallen back to DM1.6610, down slightly on the previous day's close of DM1.6645.

The US February retail figures had been slightly better than expected, showing a 0.3 per cent rise against flat market forecasts. However, these were offset by the announcement of a rise in weekly unemployment claims which caused some uncertainty about the strength of the US recovery.

Nevertheless, many dealers expect the dollar to continue its upward trend against the D-Mark, which is perceived to be the currency most closely tied to the fortunes of the former Soviet Union.

"Generally speaking the dollar has been fairly strong all round. The events in the former Soviet Union have just been a catalyst," said Mr Gerard Lyons of DKB International. He said that they key question for the dollar in the weeks ahead was weather it could break through the DM1.6800 level.

In early US trading, the dollar drifted lower with dealers in New York disappointed by the poor jobless figures and with worries about the crisis in Russia insufficient to sustain an upward drive.

Concern about the D-Mark also boosted the Swiss franc, which has been steadily rising against the German currency all week. By the end of the day it closed at DM0.917.

"The Swiss franc has been a clear winner this week," commented Mr Jim O'Neill of Swiss Bank, who calculates that it has risen by 1 per cent in value against the D-Mark since Monday.

Trading in sterling remained fairly quiet, with the London markets in limbo ahead of the UK budget.

"Its not exactly a day for sterling," said Mr Lyons, who said that he expected the currency to remain largely steady until the budget on Tuesday.

An early rise in the pound against the D-Mark was stalled after the release of the Confederation of British Industry's distributive trades, got a mixed response from the markets. In the afternoon, sterling dipped to close unchanged on the day at DM2.3850.

Meanwhile the lira continued to slide. It closed at L966.0 against the D-mark, from a previous close of L961.50.

With the G7 meeting scheduled for today, and the British budget due next week, dealers warned that the markets could move rapidly in the coming weeks.

"Everyone is waiting for the big events next week," explained Mr O'Neill.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.217	-2.77	3.43	47
Irish Punt	0.809996	0.797397	-1.56	2.16	59
Dutch Guilder	2.20045	2.18106	-0.88	1.46	32
Belgian Franc	40.2802	39.9650	-0.78	1.36	27
Portuguese Escudo	180.624	179.446	-0.65	1.23	10
D-Mark	1.95294	1.94103	-0.61	1.19	25
Danish Krone	7.43934	7.44495	-0.06	0.63	-8
French Franc	6.54988	6.58712	0.57	0.00	-45

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar 11	Latest	Previous Close
£ Spot	1.4335-1.4345	1.4335-1.4345
1 month	0.34-0.33pm	0.37-0.36pm
3 months	0.94-0.92pm	1.00-0.98pm
12 months	2.58-2.50pm	2.70-2.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 11	Previous
8.30 am	77.3	77.2
9.00 am	77.3	77.2
10.00 am	77.3	77.1
11.00 am	77.3	77.2
Noon	77.2	77.2
1.00 pm	77.3	77.3
2.00 pm	77.2	77.3
3.00 pm	77.2	77.1
4.00 pm	77.2	77.2

CURRENCY RATES

Mar 11	Bank % rate	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.957238	0.811764
U.S Dollar	3.00	1.37153	1.16237
Canadian $	6.09	1.70893	1.44924
Austrian Sch	0.25	N/A	13.6578
Belgian Franc	7.50	47.0058	39.9650
Danish Krone	11.50	8.76065	7.44495
D-Mark	8.00	2.28538	1.94103
Dutch Guilder	7.50	2.56915	2.18106
French Franc	10	7.75875	6.58712
Italian Lira	11.50	2210.62	1873.29
Japanese Yen	2.50	161.498	136.717
Norway Krone	-	9.71456	8.25105
Spanish Peseta	-	162.773	138.217
Swedish Krona	11.50	10.4325	9.01589
Swiss Franc	5.50	2.11078	1.78295
Greek Drach	19	N/A	262.078
Irish Punt	-	N/A	0.797397

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations
* All SDR rates are for Mar 10

CURRENCY MOVEMENTS

Mar 11	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.2	-32.48
U.S Dollar	66.7	+11.30
Canadian Dollar	97.4	-5.06
Austrian Schilling	115.4	+16.93
Belgian Franc	116.1	+1.95
Danish Krone	119.1	+12.34
D-Mark	125.4	+32.05
Swiss Franc	110.4	+17.93
Dutch Guilder	119.7	+21.22
French Franc	109.8	-6.71
Lira	78.6	-35.91
Yen	164.3	+100.73
Peseta	99.5	-24.26

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar 10

OTHER CURRENCIES

Mar 11	£	$
Argentina	1.4290 - 1.4305	0.9985 - 0.9995
Australia	2.0270 - 2.0290	1.4130 - 1.4140
Brazil	31128.0 - 31150.0	21529.7 - 21529.8
Finland	8.6395 - 8.6745	6.0400 - 6.0700
Greece	319.350 - 325.780	222.560 - 227.010
Hong Kong	11.0590 - 11.0710	7.7335 - 7.7345
Iran	2200.00*	1485.00*
Korea(Sth)	1136.40 - 1144.55	789.00 - 795.20
Kuwait	0.44035 - 0.44100	0.30750 - 0.30800
Luxembourg	49.13 - 49.25	34.20 - 34.30
Malaysia	3.7240 - 3.7340	2.6060 - 2.6070
Mexico	4.4575 - 4.4605	3.1150 - 3.1170
N Zealand	2.7110 - 2.7145	1.8945 - 1.8970
Saudi Ar	5.3590 - 5.3700	3.7495 - 3.7505
Singapore	2.3550 - 2.3610	1.6475 - 1.6485
S Af (Cm)	4.5650 - 4.5750	3.1920 - 3.1940
S Af (Fn)	6.5255 - 6.5685	4.5600 - 4.5900
Taiwan	37.20 - 37.35	26.00 - 26.10
U.A.E.	5.2505 - 5.2625	3.6715 - 3.6735

*Floating rate. Iran Official rate.£98.50 $66.30

POUND SPOT - FORWARD AGAINST THE POUND

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4290 - 1.4370	1.4360 - 1.4370	0.35-0.33cpm	2.84	0.93-0.90pm	2.55
Canada	1.7785 - 1.7870	1.7850 - 1.7860	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	2.6725 - 2.6900	2.6750 - 2.6850	¼-½cdis	-1.96	1-1¼dis	-1.60
Belgium	49.00 - 49.30	49.15 - 49.25	7-12cdis	-2.32	24-29dis	-2.13
Denmark	9.1375 - 9.1750	9.1525 - 9.1625	7¼-9¼oredis	-10.97	17¼-20dis	-8.19
Ireland	0.9790 - 0.9835	0.9795 - 0.9805	0.45-0.50cdis	-5.82	1.28-1.37dis	-5.41
Germany	2.3825 - 2.3950	2.3825 - 2.3875	⅜-⅝pfdis	-2.20	1¼-1½dis	-2.10
Portugal	220.00 - 221.75	220.00 - 221.00	164-167cdis	-9.01	453-493dis	-8.58
Spain	169.25 - 170.50	169.75 - 170.05	150-175cdis	-11.48	381-413dis	-9.35
Italy	2297.50 - 2313.75	2303.50 - 2304.50	10-13lirecdis	-5.99	31-34dis	-5.64
Norway	10.1325 - 10.1625	10.1500 - 10.1600	2-2½oredis	-2.66	6¼-7¼dis	-2.66
France	8.0900 - 8.1275	8.0975 - 8.1075	3¼-3¾cdis	-5.37	10-11dis	-5.18
Sweden	10.8700 - 11.1825	11.1700 - 11.1800	2⅞-4⅞oredis	-4.03	8¼-11¼dis	-3.56
Japan	168.00 - 169.50	168.25 - 169.25	½-¼ypm	2.67	1⅛-1⅛pm	2.81
Austria	16.75 - 16.85	16.76 - 16.79	2¼-3¼grodis	-1.97	6¼-8dis	-1.70
Switzerland	2.1800 - 2.2025	2.1825 - 2.1925	¼-parcpm	0.69	1¼-⅝pm	0.80
Ecu	1.2280 - 1.2320	1.2290 - 1.2300	0.33-0.37dis	-3.42	0.93-1.00dis	-3.14

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.63-1.58pm. 12 Month 2.60-2.50pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4290 - 1.4370	1.4360 - 1.4370	0.35-0.33cpm	2.84	0.93-0.90pm	2.55
Ireland†	1.4525 - 1.4645	1.4630 - 1.4640	1.00-0.90cpm	7.79	2.85-2.70pm	7.58
Canada	1.2440 - 1.2475	1.2440 - 1.2450	0.21-0.25cdis	-2.22	0.64-0.71dis	-2.17
Netherlands	1.8650 - 1.8805	1.8655 - 1.8665	0.75-0.78cdis	-4.92	2.04-2.09dis	-4.43
Belgium	34.20 - 34.45	34.20 - 34.30	13.00-15.00cdis	-4.91	39.00-42.00dis	-4.75
Denmark	6.3725 - 6.4100	6.3725 - 6.3775	5.00-8.00oredis	-12.24	16.00-21.00dis	-11.61
Germany	1.6600 - 1.6735	1.6600 - 1.6610	0.73-0.75pfdis	-5.35	1.96-1.99dis	-4.76
Portugal	153.55 - 154.70	153.65 - 153.75	147-152cdis	-11.67	420-430dis	-11.19
Spain	118.40 - 119.05	118.45 - 118.55	139-142cdis	-14.23	357-364dis	-12.17
Italy	1603.00 - 1618.00	1603.75 - 1604.25	10.80-11.60liredis	-8.38	31.70-33.40dis	-8.12
Norway	7.0625 - 7.1025	7.0675 - 7.0725	3.00-3.50oredis	-5.52	9.00-10.00dis	-5.37
France	5.6350 - 5.6775	5.6375 - 5.6425	0.38-0.40cdis	-0.83	1.10-1.13dis	-0.79
Sweden	7.6075 - 7.8150	7.7725 - 7.7825	4.00-4.70oredis	-6.71	11.60-12.80dis	-6.27
Japan	117.40 - 118.10	117.50 - 117.60	par-0.02ydis	-0.10	0.02dis-par	-0.03
Austria	11.7100 - 11.7500	11.7200 - 11.7250	4.70-5.06grodis	-4.99	12.55-13.65dis	-4.47
Switzerland	1.5225 - 1.5380	1.5230 - 1.5240	0.25-0.28cdis	-2.09	0.68-0.73dis	-1.85
Ecu†	1.1605 - 1.1685	1.1665 - 1.1675	0.61-0.60cpm	6.22	1.66-1.63pm	5.64

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Mar 11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6¼ - 6	6¼ - 5⅞	6 1/16 - 5 15/16	5⅞ - 5 13/16	5¾ - 5⅝	5⅝ - 5½
US Dollar	3⅛ - 2⅞	3⅛ - 3	3 3/16 - 3 1/16	3¼ - 3⅛	3⅜ - 3¼	3⅝ - 3½
Can. Dollar	5⅛ - 4⅞	5¼ - 5⅛	5⅜ - 5¼	5½ - 5⅜	5⅝ - 5½	6⅛ - 6
Dutch Guilder	8⅛ - 8	8⅛ - 8	7¾ - 7⅝	7 5/16 - 7 3/16	7 3/16 - 7 1/16	6 13/16 - 6 11/16
Swiss Franc	5 - 4⅝	5¼ - 4⅞	5⅛ - 5	5⅛ - 5	4 13/16 - 4 11/16	4⅝ - 4½
D-Mark	8¼ - 8⅛	8¼ - 8⅛	8⅛ - 8	7 13/16 - 7 11/16	7⅝ - 7½	6 13/16 - 6 11/16
French Franc	11 - 10¾	11⅛ - 11	11⅛ - 11	11 - 10⅞	10 - 9⅞	9⅛ - 8⅞
Italian Lira	12¼ - 10¼	11⅜ - 11⅛	11½ - 11	11⅛ - 10⅞	11⅛ - 10⅞	11 - 10⅞
Belgian Franc	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8	8 - 7⅞	7⅝ - 7½	7⅜ - 7¼
Yen	3⅜ - 3¼	3⅜ - 3¼	3 5/16 - 3 3/16	3¼ - 3⅛	3¼ - 3⅛	3¼ - 3⅛
Danish Krone	13 - 11	13 - 11	15 - 12½	15¼ - 14½	14¼ - 13½	12 - 11½
Asian $Sing	4 - 3	4 - 3	3¼ - 2¼	3¼ - 2¼	3¼ - 2¼	4 - 3
Spanish Peseta	16¼ - 16⅛	17 - 16¼	16⅛ - 16⅛	15 - 14¼	13⅞ - 13⅝	13¼ - 13
Portuguese Esc	15¼ - 14¼	13¾ - 14¼	14½ - 14	14½ - 13 15/16	14¼ - 13½	13⅝ - 13

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 4 11/16-4 11/16 per cent; four years 5⅛-5⅛ per cent; five years 5 5/16-5 3/16 per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.11	£	$	DM	Yen	F Fr.	S Fr.	N FL	Lira	C$	B Fr	Pta	Ecu
£	1	1.436	2.385	168.7	8.102	2.187	2.680	2304	1.785	49.20	169.9	1.229
$	0.696	1	1.661	117.5	5.642	1.523	1.866	1604	1.243	34.26	118.3	0.856
DM	0.419	0.602	1	70.73	3.397	0.917	1.124	966.0	0.748	20.63	71.24	0.515
YEN	5.928	8.512	14.14	1000.	48.03	12.96	15.89	13657	10.58	291.6	1007	7.285
F Fr.	1.234	1.772	2.944	208.2	10.	2.699	3.308	2844	2.203	60.75	209.7	1.517
S Fr.	0.457	0.657	1.091	77.14	3.705	1	1.225	1053	0.816	22.50	77.69	0.562
N FL	0.373	0.536	0.890	62.95	3.023	0.816	1	859.7	0.666	18.36	63.40	0.459
Lira	0.434	0.623	1.035	73.22	3.516	0.949	3.163	1000.	0.775	21.35	73.74	0.533
C $	0.560	0.804	1.336	94.51	4.539	1.225	1.501	1291	1	27.56	95.18	0.689
B Fr.	2.033	2.919	4.848	342.9	16.47	4.445	5.447	4683	3.628	100.	345.3	2.498
Pta	0.589	0.845	1.404	99.29	4.769	1.287	1.577	1356	1.051	28.96	100	0.723
Ecu	0.814	1.168	1.941	137.5	6.592	1.779	2.181	1875	1.452	40.03	138.2	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — Strike Price; Calls-settlements Jun, Sep; Puts-settlements Jun, Sep — [illegible]

LIFFE EURO SWISS FRANC OPTIONS SFr 1m points of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100% — [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100% — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL) DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

12% NOTIONAL ITALIAN GOVT. BOND (BTP) LIRA 200m 100ths of 100% — [illegible]

10% NOTIONAL SPANISH GOVT. BOND (BONOS) Pta 20m 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]

THREE MONTH EUROMARK DM 1m points of 100% — [illegible]

THREE MONTH ECU ECU 1m points of 100% — [illegible]

THREE MONTH EURO SWISS FRANC SFR 1m points of 100% — [illegible]

THREE MONTH EUROLIRA INT. RATE LIRA 1,000m points of 100% — [illegible]

FT-SE 100 INDEX $25 per full index point — [illegible]

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES — Spot 1.4365; 1-mth, 3-mth, 6-mth, 12-mth: [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

BRITISH POUND (IMM) $s per £ — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1) — [illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate) — [illegible]

CAC-40 FUTURES (MATIF) Stock Index — [illegible]

ECU BOND (MATIF) — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) — [illegible]

BASE LENDING RATES

Adam & Company 6	Cyprus Popular Bank 6	NatWestminster 6
Allied Trust Bank 6	Duncan Lawrie 6	•Nykredit Mortgage Bnk 6.5
AIB Bank 6	Equatorial Bank plc 6	•Rea Brothers 6
•Henry Ansbacher 6	Exeter Bank Limited 7	Roxburghe Bank Ltd 6
B & C Merchant Bank 13	Financial & Gen Bank 7	Royal Bk of Scotland 6
Bank of Baroda 6	•Robert Fleming & Co 6	•Smith & Williamson Secs 6
Banco Bilbao Vizcaya 6	Girobank 6	Standard Chartered 6
Bank of Cyprus 6	•Guinness Mahon 6	Unibank plc 6
Bank of Ireland 6	Habib Bank AG Zurich 6	•United Bk of Kuwait 6
Bank of India 6	•Hambros Bank 6	Unity Trust Bank Plc 6
Bank of Scotland 6	Heritable & Gen Inv Bk 6	Western Trust 6
Barclays Bank 6	•Hill Samuel 6	Whiteaway Laidlaw 6
Brit Bk of Mid East 6	C. Hoare & Co 6	Yorkshire Bank 6
•Brown Shipley 6	Hongkong & Shanghai 6	
CL Bank Nederland 6	Julian Hodge Bank 6	• Members of British Merchant Banking & Securities Houses Association
Citibank NA 6	•Leopold Joseph & Sons 6	
City Merchants Bank 6	Lloyds Bank 6	
Clydesdale Bank 6	Meghraj Bank Ltd 6	
The Co-operative Bank 6	McDonnell Douglas Bk 6	
Coutts & Co 6	Midland Bank 6	
Credit Lyonnais 6	Mount Banking 6	

MONEY MARKET FUNDS

Money Market Trust Funds

Gross | Net | CAR | Int Cr — [illegible]

Money Market Bank Accounts

Gross | Net | CAR | Int Cr — [illegible]

NOTES – Gross: Contracted rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. "Compounded Annual Rate". Int Cr: Frequency at which interest is credited to the account.

MONEY MARKETS

Rates dip briefly

THE UNCERTAINTY in the run up to Tuesday's UK budget created a generally quiet day on the London money markets yesterday, in spite of an early dip in three-month interbank rates.

Prospects for fiscal tightening in the budget prompted a surge in optimism in the morning, bringing the three month interbank rate down to 5¾ per cent on the offered side. However, it later rose in the afternoon, and ended unchanged at 5⅞ per cent on the offered side. Further out, six month money closed barely changed at 5¾ per cent.

Dealers said that the intraday movement was partly due to generally easy liquidity. Although the Bank of England had initially forecast a fairly large shortage of £1.8bn, later revised to £2bn, then £1.9bn, this was successfully taken out early in the day.

However, other dealers said that rising hopes that the Chancellor would present a tight budget next week, coupled with recent interest rate cuts in Europe, were also creating a more optimistic mood.

"You take your chances, but the hopes are all there in the markets right now," said one dealer.

Although three-month short sterling futures bounced ten basis points higher early in the day, they closed barely unchanged at 94.52.

In continental European markets, German and French futures remained broadly stable, although French Pibor futures closed slightly down at 91.54.

In spite of the recent cuts in the German repo rate, the Bank of France yesterday announced that its own securities repurchase rate would be left unchanged at 9.10 per cent. This provoked little surprise in the markets in light of the franc's position near its ERM floor, and the ongoing political uncertainty in the run-up to the French elections.

Nevertheless, opinions remained mixed about the likelihood of further rate cuts across Europe. Earlier this week, the Dutch, Belgian and Danish authorities followed the Bundesbank's monetary easing with rate cuts of their own. Although one dealer claimed that "the trend is now definitely downwards," another pointed out that political uncertainty over the solidarity pact discussions in Germany could deter the Bundesbank from cutting its rates next week.

"I think we've had all the rate cuts that we're going to get," said another dealer. He added that the Bank of Spain was unlikely to cut rates today.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.11) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3¼	bid 3⅜	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime	
Prime rate	[illegible]
Broker loan rate	[illegible]
Fed.funds	[illegible]
Fed.funds at intervention	[illegible]
One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]
Two year	[illegible]
Three year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10-year	[illegible]
30-year	[illegible]

Mar 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

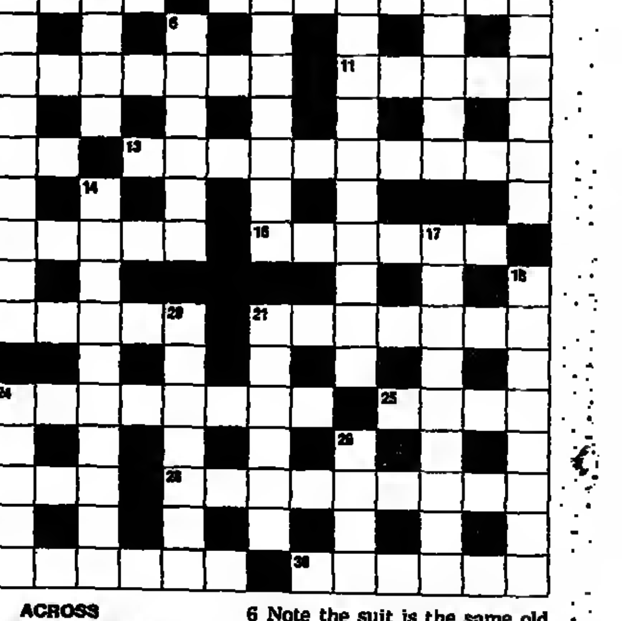
LONDON MONEY RATES

Mar 11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month and three-month rates and tender details [illegible]. Deposits withdrawn for cash 1¼ per cent.

CROSSWORD

No.8,099 Set by VIXEN



ACROSS
1 Drawing of stick figure (6)
4 Get close to a very quiet swimmer (8)
10 A beast returning without papers must be checked (9)
11 Dutiful rider accepting financial liability (5)
12 Notice's blemish (4)
13 The scholar with sense at front of class is a trier (10)
15 Sent in wrong key, being nervous (7)
16 Turn back after deductions are obtained (6)
19 Giving the little page an increase in pay, express appreciation (6)
21 Outside left went by water, suffering the swell (7)
23 They seldom look in, though they're always so sociable (10)
25 Two-party contest (4)
27 A barbecue might be best (5)
28 Keen to get rent fixed, give voice (9)
29 An offer of a little money would make him cross with one! (8)
30 Chase – even changing trains (6)

DOWN
1 Taking a drop – it's improper in the Middle East... (4,4)
2 . . . . to drink with stout defender (9)
3 Looks Oriental certainly (4)
5 Course for a dog involving many a row (7)
6 Note the suit is the same old thing (10)
7 A ranger's sound when finding the scent (5)
8 Lost no time going all round the ship, so scorned (6)
9 English country property (6)
14 Showing dictionary to be in error (10)
17 A train – in this British chicken, tour a German holiday area (9)
18 Love of imagery adroitly used (8)
20 Picked men with guns presenting a Greek heroine (7)
21 Food for a goat? (6)
22 Discharged – not penalised (3,3)
24 The coach pointlessly made to turn (5)
26 A cold man can cause hurt (4)

Solution to Puzzle No.8,098

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — GERMANY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — ITALY — SOUTH AFRICA — JAPAN — AUSTRALIA — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

CANADA

TORONTO

3:45 pm March 11

Quotations in cents unless marked $

[illegible]

MONTREAL

3:45 pm March 11

[illegible]

INDICES

NEW YORK

DOW JONES

	Mar 10	Mar 9	Mar 8	Mar 8	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3478.34	3472.12	3469.42	3464.58	3478.34 (10/3/93)	3136.58 (8/10/92)	3478.34 (10/3/93)	41.22 (2/7/32)
Home Bonds	108.39	108.18	108.10	105.85	108.39 (10/3/93)	98.41 (20/3/92)	108.39 (10/3/93)	54.99 (1/10/81)
Transport	1562.02	1571.89	1562.82	1539.45	1580.81 (8/2/93)	1204.40 (8/6/92)	1580.81 (8/2/93)	12.32 (8/7/32)
Utilities	241.89	240.80	241.30	238.73	241.89 (10/3/93)	200.74 (8/4/92)	241.89 (10/3/93)	10.50 (8/4/32)

DJ Ind. Day's High 3497.25 (3485.83) Low 3452.88 (3443.78) (Theoretical◆)
Day's High 3478.34 (3483.12) Low 3449.43 (3462.57) (Actual◆)

STANDARD AND POOR'S

Composite ‡	456.33	454.40	454.71	448.11	456.33 (10/3/93)	394.50 (8/4/92)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials	524.99	522.78	523.84	513.29	524.99 (10/3/93)	478.81 (8/4/92)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.43	44.94	44.40	43.40	45.43 (10/3/93)	32.40 (8/4/92)	45.43 (10/3/93)	8.64 (1/10/74)
NYSE Composite	251.36	250.21	250.15	243.89	251.36 (10/3/93)	217.92 (8/4/92)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	421.88	418.02	416.73	413.80	421.88 (10/3/93)	364.85 (9/10/92)	421.88 (10/3/93)	29.31 (9/12/72)
NASDAQ Composite	692.87	688.88	687.23	681.37	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Mar 5	Feb 26	Feb 19	year ago (approx.)
Dow Industrial Div. Yield	2.89	3.02	3.07	2.84
	Mar 3	Feb 24	Feb 17	year ago (approx.)
S & P Industrial div. yield	2.48	2.53	2.55	2.81
S & P Ind. P/E ratio	26.18	25.88	26.51	28.81

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Walt Disney	4,825,100	45⅛	- ⅛
Bristol Myers	4,230,800	58⅜	+ 1½
Merck	3,817,800	40	+ 1⅜
IBM	3,826,500	55¾	- ¼
Homestake	3,283,300	7⅞	+ ⅜
Amer Express	3,125,200	27	- 1
Sears	3,116,800	19⅝	+ ¼
Philip Morris	2,881,800	64⅝	+ ⅝
Wal-Mart	2,777,800	34	+ ⅛
Citicorp	2,524,700	28¾	+ ⅞

TRADING ACTIVITY

† Volume (Millions)	Mar 10	Mar 9	Mar 8
New York SE	255.180	280.120	274.580
Amex	18.462	14.880	14.379
NASDAQ	(a)	232.288	219.043
NYSE			
Issues Traded	2,495	2,487	2,500
Rises	1,045	1,094	1,513
Falls	832	847	502
Unchanged	618	548	485
New Highs	170	257	256
New Lows	7	18	13

CANADA

TORONTO

	Mar 10	Mar 9	Mar 8	Mar 8	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2931.29	2908.48	2885.99	2819.56	3236.87 (16/1/92)	2639.91 (17/11/92)
Composite	3551.99	3553.21	3551.04	3524.40	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1830.45	1835.35	1834.13	1818.03	1837.39 (15/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ◆ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

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WORLD						
M.S. Capital Intl.(1/1/70) $	625.1*	524.5	624.1	523.0	542.10 (7/1/92)	457.50 (8/4/92)
Euro Top-100 (26/6/90)	951.55	952.32	930.21	950.71	978.55 (25/5/92)	772.52 (5/10/92)

**Saturday March 6: Taiwan Weighted Price 4,773.88, Korea Comp Ex. 685.93
♥ Subject to official recalculation. ‡ Correction. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday, March 11, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
NEC Corp	13.8m	761	-16	Isuzu Motor	6.8m	398	+4
Toshiba Corp	11.7m	519	+31	Hitachi	6.4m	745	+5
Fujitsu	10.8m	623	+18	Nomura Sec	5.9m	1660	+10
Nippon Steel	10.5m	317	-1	Tokyu Corp	5.5m	662	+8
Isetan Ben	7.9m	477	+51	M'bishi Elec	5.4m	600	+17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:45 pm March 11

1992/93 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10¾	AAR Corp	0.40	0.7	24	114	13¼	13	13⅛	
33½	18	A L Labs A	0.16	0.8	142	365	23½	22⅝	22⅞	-⅝
68¾	32⅝	AMP Inc	1.00	2.7	21	1487	60½	59	59¼	-¾
60¼	54⅝	AMR			9	2821	61⅛	60	60¾	+⅜
2⅛	1⅜	ARX			18	16	1⅞	1¾	1¾	-¼
53½	29⅞	ASA	2.00	5.5	24	302	36⅞	36¼	36¾	+½
34¼	22⅝	Abbott Lab	0.60	2.3	17	8680	26¾	26	26¼	-⅛
13⅞	10¼	Abitibi Pr	0.50	4.6	3	90	11	10⅞	11	+⅛
11⅝	10⅛	ACM Gvt In x	0.96	8.0		849	11⅜	11	11¼	+⅛
10⅜	9	ACM GvOpp x	0.79	8.2		37	9⅝	9½	9⅝	
9¾	8½	ACM Gvt Sp x	0.79	8.3		210	9½	9⅜	8½	+⅛
11⅞	9⅞	ACM Gvt Se	0.96	8.6		418	u11⅞	11⅛	11⅛	-¼
10⅞	8⅝	ACM Mgn x	1.08	10.9		195	10⅜	10⅝	10⅜	
12⅞	8⅝	ACM Managd x	0.78	8.4		229	9¾	9⅝	9¾	+⅛
11¾	4¾	Acme Cleve	0.40	5.1	18	689	8	7¾	7⅞	
9¼	3¾	Acme Elect			675	65	8⅜	8½	8⅜	+¼
33¼	12⅛	Acuson			12	803	13⅛	12⅞	13⅛	+⅛
22¼	18⅛	Adams Expr	0.48	2.2	1	32	21⅜	21¼	21⅜	+⅛
52½	29½	Ad Micro	3.00	5.8		93	u52⅞	51½	51½	-¼
24¾	7½	Ad Micro P	3.00	12.6	9	4476	u24⅞	23⅞	23⅞	+⅛
9⅛	4⅞	Advest Grp	0.16	2.1	15	100	7½	7⅜	7½	
47⅝	33	Aegon ADR	1.35	2.8	8	67	47⅞	47¼	47⅜	-¼
52¾	38	Aetna Lf	2.76	5.6	977	840	49⅛	48⅜	49⅞	+¼
14½	6⅛	Ahl A	0.24	2.0	30	597	12⅜	12⅛	12¼	-¼
36⅞	24	Aflac	0.44	1.3	15	591	35⅜	34¾	35⅛	+¼
22⅛	13	Ahmanson	0.88	4.2	18	1049	21¼	21	21⅛	+⅛
22½	4	Aileen Inc			32	100	6½	6⅜	6⅜	
49½	38½	Air Pr Chm	0.60	1.9	18	1657	46¼	45½	45½	-½
20¾	12½	Airbne Frt	0.30	1.3	181	987	23¼	22⅞	23	-¼
24¼	11¼	Alagsco Inc			33	242	u24⅞	24½	24⅝	+¼

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NYSE COMPOSITE PRICES

Continued from previous page

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NASDAQ NATIONAL MARKET

3:30 pm March 11

[illegible]

AMEX COMPOSITE PRICES

3:45 pm March 11

[illegible]

AMERICA

US markets fall on weak jobs claims data

Wall Street

AFTER three days of record-setting gains, US share prices fell yesterday in the wake of disappointingly weak jobs figures, *writes Patrick Harverson in New York.*

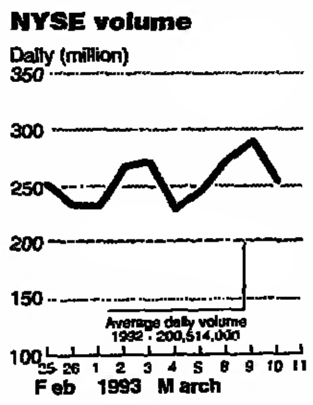
At 1pm, the Dow Jones Industrial Average was down 13.51 at 3,264.83. The more broadly based Standard & Poor's 500 was 1.01 lower at 455.33, while the Amex composite was up 0.93 at 422.81, and the Nasdaq composite up 2.64 at 695.51. Trading volume on the NYSE was 153m shares by 1pm.

The tone of the day was set from the start by the weekly jobs claims data which showed that during the final week of last month the number of people claiming state unemployment insurance jumped by 25,000, a much bigger increase than analysts had expected. Some analysts had forecast a sizeable fall in claims.

Not only did the figures suggest that the labour market remains depressed in spite of the recent improvements in economic growth, but they also cast doubt over last week's unexpectedly strong February employment report, which revealed that non-farm payrolls soared by 350,000 over the month.

In light of the data, analysts warned yesterday to expect a significant downward revision in the February employment numbers when the March report is released early next month.

On an brighter note, the Commerce department announced that retail sales rose 0.3 per cent in February, or 0.9 per cent excluding motor vehicle sales. Economists had predicted a small decline in total sales.



Among individual stocks, some of the biggest cyclicals, which led the recent record-breaking rally, ran into profit-taking and renewed nervousness about the outlook for economic growth. International Paper fell $1¾ to $65, Alcoa tumbled $1 to $71, and General Motors slumped $1¼ to $39.

Some computer stocks, meanwhile, were in demand. Compaq, which earlier this week slashed prices on a range of its best products, added $1¾ to $51¾. Hewlett-Packard firmed $¾ to $79¾ and Motorola gained $¾ at $64.

National Semiconductor jumped $1¼ to $13 in volume of 2m shares after the company reported third quarter net income of 19 cents a share, up from 11 cents a share a year earlier.

On the Nasdaq market, Sun Microsystems was the big story of the day, plunging $2¾ to $33 in volume of 4m shares after two prominent analysts, one at Goldman Sachs, the other at Dean Witter, said they were worried about the company's order levels in the current quarter.

In contrast, other big Nasdaq technology stocks were firmer, with Intel up $1¼ at $118¼ and Microsoft $2 higher at $87.

Canada

TORONTO was slightly firmer at midsession with a gain in the TSE-300 composite index of 9.02 to 3,561.01 in volume of some 38m shares.

Among the actives Nova Corp was C$¼ firmer at C$9¾ while John Labatt was unchanged at C$26¼ ahead of third quarter earnings.

EUROPE

Stockholm shaken by political turmoil

FURTHER political drama in Moscow unnerved early trading but activity was generally mixed yesterday, *writes Our Markets Staff.*

STOCKHOLM was shaken by the prospect of a political crisis of its own provoking an early election and shares staged a sharp retreat from the opening. But as tensions eased throughout the day, prices picked up leaving the Affärsvärlden index 2.5 lower at 1,026.0.

Mr David Longmuir of James Capel in London said the day's events had left the market "jittery". He expected investors to pay closer attention to the state of the Swedish economy, and to interest rates which could be expected to fall.

ABB was unchanged at SKr438 after reporting slightly lower 1992 profits, while Volvo dipped SKr6 to SKr400, having traded as low as SKr357, as it reported a record loss and cut its dividend for the first time.

Stora was SKr9 lower at SKr310 after announcing a loss and halving its dividend, but Trelleborg firmed SKr3 to SKr61 ahead of its results after the close.

FRANKFURT kept its eye on Bayer as the group cut its dividend by the expected DM2 to DM11, underpinning its premium to BASF and Hoechst and leaving the shares DM2.50 higher at DM279.50. Hoechst was flat at DM256, and Bayer 70 pfg lower at DM239.80 as the DAX index rose 7.72 to a new 1993 high of 1,717.40. Turnover eased from DM7.8bn to DM7.6bn.

Allianz rose DM28 to DM2,376, rebounding after last week's disappointment with results from its German property and casualty insurance business.

The most consistently strong sector was construction, as Bilfinger, Hochtief and Holzmann rose DM21 to DM1,007, DM33 to DM1,235 and DM54 to DM1,140 on stories that a special fund was being set up to invest in the German construction and property industries.

In engineering, KHD went ex-rights and fell a net DM3 to DM89.50. Mr Adrian Hopkinson at NatWest Securities said that KHD had also produced a disappointing progress report this week, which noted a severe fall in the order intake for its agricultural machinery, especially tractors, and forecast a break even in 1993 when analysts had expected something better, after extensive rationalisation over the past three years.

PARIS was moderately weaker in a day's trading lacking direction or enthusiasm. The CAC-40 index closed 3.48 higher at 1,988.94, in turnover of FFr2.8bn.

Among Wednesday's gainers Chargeurs fell back FFr31 to FFr1,250 on profit-taking, a factor which also characterised Lafarge's FFr3.50 fall to FFr354.

Thomson-CSF weakened FFr1.60 to FFr159.60 in spite of announcing a FFr100m order while financials were mixed, with UAP down FFr11 at FFr583 and SocGen FFr12 firmer at FFr644.

MILAN edged higher in technical trade before the end of the March account next Monday and the Comit index rose 4.06 to 520.71.

Sentiment was hurt by news that a parliamentary committee had refused to give precedence to a government decree unblocking public works contracts frozen because of the corruption scandal.

Among construction companies hit by the news, Cogefar-Impresit fell L30 to L2,730 while Premafin, which fixed L270 ahead of its L6,220 fell back to L6,180 after hours.

Elsewhere, Sip, the telecommunications group rose L12 to L1,660 after a newspaper suggested, correctly in the event, that the board could decide on a capital increase later in the day.

Ferruzzi Finanziaria rose L7 to L1,306 ahead of its confirmation, after the market closed, that it was negotiating to sell a controlling stake of its Erbamont pharmaceutical company to Sweden's Kabi-Pharmacia.

ZURICH finished slightly firmer at a record closing high, though below the day's peak. The SMI index added 7.2 to 2,164.4. Pharmaceuticals were back in fashion as worries waned that plans for health care reform in the US would severely hurt Swiss groups. Ciba-Geigy bearers firmed SFr10 to SFr619.

BBC Brown Boveri bearers recovered from early losses to close SFr30 higher at SFr4,070. Earlier the share fell as low as SFr3,970 after ABB, from which BBC derives most of its income, announced its 1992 results. However, the price recovered as investors noted that ABB had reduced its net debt to zero.

AMSTERDAM remained relatively resilient with a 0.4 gain in the CBS Tendency index to 105.8. Some investors chose to take profits in DSM which has been a strong performer recently, the shares closing Fl 2.80 lower at Fl 80.60.

OSLO remained strong as the all-share index closed at a new 1993 high, up 4.2 at 436.8 in turnover of NKr407.4m.

ISTANBUL fell 3.6 per cent, closing 209.51 lower at 5,651.58 for a two-day drop of 4.7 per cent on worries over higher bond rates and rising demand for the lira.

FT-SE Actuaries Share Indices

March 11 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1163.43	1163.34	1164.56	1164.80	1165.02	1166.43	1164.23	1163.69
FT-SE Eurotrack 200	1230.43	1230.30	1231.11	1232.16	1233.07	1233.40	1231.46	1232.53

	Mar 10	Mar 9	Mar 8	Mar 5	Mar 4
FT-SE Eurotrack 100	1157.52	1164.25	1165.04	1158.70	1156.15
FT-SE Eurotrack 200	1231.98	1230.72	1229.92	1225.29	1216.30

Base value 1000 (26/10/90) High/day: 100 - 1166.56; 200 - 1234.63 Low/day: 100 - 1162.75 200 - 1228.35

ASIA PACIFIC

Nikkei average records fifth straight gain

Tokyo

TRADING slowed ahead of the settlement of stock index futures and options today, but the Nikkei average posted its fifth consecutive gain on buying by foreign investors and public funds, *writes Emiko Terazono in Tokyo.*

The 225-issue average closed up 46.16 at 17,904.79 after a day's low of 17,735.43 and a high of 18,104.65. Rumours of political unrest in Russia briefly depressed prices in the afternoon, but late position adjusting by arbitrageurs supported the index.

Volume fell to 450m shares from 541m, while gainers led losers by 532 to 471, with 153 issues unchanged. The Topix index of all first section stocks rose 2.46 to 1,344.34 and in London the ISE/Nikkei 50 index rose 3.24 to 1,085.16.

Investors were encouraged by the market's longest consecutive gain since last November. While some corporate investors were seen liquidating tokkin, or specified money trusts, buying by public funds added support.

Nippon Telegraph and Telephone rose Y5,000 to Y795,000. Analysts said that the share price had advanced due to a low liquidity position in the stock, and was now being traded like a speculative issue by dealers. Some 60 per cent of the 5.4m shares are held by individual investors, who do not trade the issue, and 20 per cent by financial institutions, which are stable shareholders.

However, the increase in tariffs, expected later this year, will allow NTT to increase capital investments in digitalised systems. "NTT is one of the cheapest telecom companies in leading stock markets by valuation," said Mr Eric Gan at Kleinwort Benson.

Companies with close links to NTT also gained ground: Iwatsu Electric rose Y51 to Y477, Daimei Telecom Engineering put on Y23 to Y742 and Nippon Comsys rose Y30 to Y785.

The recent rally in the formerly state-owned NTT has boosted interest in Japan Railway related shares, as a rise in the telecom company's shares will pave the way for the listings of other public corporations. The government is expected to launch stock sales of JR East and Japan Tobacco during the next fiscal year to March 1994.

Tekken, a construction company with close ties with the Japan Railway group, gained Y24 to Y624, while Nippon Signal, the railway signal maker, rose Y10 to Y1,400.

Steel companies fell on profit-taking: NKK, which announced a restructuring programme on Wednesday, including a 15 per cent cut in workers, fell Y11 to Y260, while Nippon Steel eased Y1 to Y317.

In Osaka, the OSE average rose 63.68 to 18,834.22 in volume of 70.1m shares. Nintendo, the video game maker, improved Y100 to Y10,100.

Roundup

POLITICS played an important role in affecting Pacific Rim markets.

HONG KONG lost ground as fund raising exercises announced on Wednesday encouraged profit-taking.

But the market picked up from the day's lows, encouraged by news that Mr Chris Patten, the governor, had delayed a key address to the colony's legislature while Britain considered an approach from China on possible talks.

The Hang Seng index finished 116.62 or 1.8 per cent lower at 6,372.37 after pulling up from the day's low of 6,300.55.

HSBC Holdings, due to announce results next Monday, topped the active list and dropped HK$1.50 to HK$68.50. Cathay Pacific shed 5 cents to HK$9.30 after it reported higher net income for last year.

AUSTRALIAN shares continued their strong run after higher unemployment figures were seen to improve the prospects for an opposition win in tomorrow's federal election. The All Ordinaries index closed 13.7 up at 1,661.1 in turnover of A$373.1m.

The day's star performer was tobacco group W.D. & H.O. Wills, which rose 45 cents or 22 per cent to A$2.50 after posting a 250 per cent increase in net profit on Wednesday. Brambles climbed 12 cents to A$16.16.

TAIWAN rebounded as late bargain hunting improved sentiment after the heavy profit-taking seen early this week. The weighted index added 144.98 or 3.2 per cent to 4,619.35 in active turnover of T$65.2bn.

SOUTH AFRICA

GOLD shares were firmer on foreign interest and the index moved np 26 to 1,028 while the overall index rose 20 to 3,439. The industrial index improved 8 to 4,472. Vaal Reefs firmed R7 to R182 bnt De Beers slipped R1 to R67.

Portuguese equities aim to catch up with bonds

Lisbon is more hopeful for 1993, writes **Peter Wise**

Although Lisbon's BTA index has fallen back from a 1993 peak of 1,779 at the end of last month, closing yesterday at 1,692, investors still hope that the subdued Portuguese bolsa could shine in 1993.

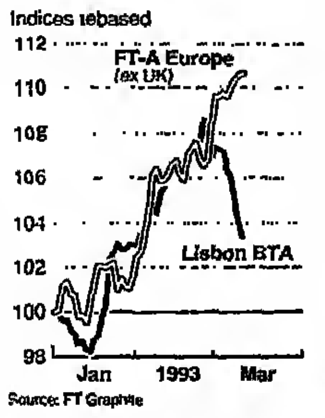
Mr Jose Carlos Pestana Teixeira, *managing director of the* Lisbon stock exchange, says: "There is enough *confidence* in companies, confidence in the market, confidence in the economy and confidence in the currency for a marked recovery."

The market could do with a boost. The BTA index has fallen more than 50 per cent since its last peak in October 1989 when it reached 3,705. Small investors, scalded by the 1987 crash in global equities, bave never returned and the *stock* exchange *has* not been the market choice for companies to raise capital.

Bonds, however, have risen sharply, particularly since the introduction last year of primary dealers, who underwrite and market issues, with bond trading accounting for 80.50 per cent of total turnover on the stock exchange last year. But *shares languished*, with the BTA index falling 17 per cent on the year.

Analysts believe that the elements are in position for at least a moderate turnround. Government claims that the Portuguese economy is an "oasis" in Europe may be farfetched, but forecast GDP growth of 1.8 per cent in 1993 will still put the country above the European average, expected to be well under 1 per cent.

Until now, says Mr Rocha Correia, of brokers Independente, tha Portuguese stock market has reversed the text book rules and fallen significantly while the economy improves; it has also shown itself perverse by falling in parallel with interest rates. Market watchers are now hopeful that these trends will revert to normal, bringing more activity back to the share market.



Source: FT Graphite

Agreement at the Edinburgh summit to double EC funds for the four poorer members – Spain, Ireland, Greece and Portugal – will pump more money into the country for badly-needed infrastructure.

"This makes the construction sector an obvious choice for investors," says *Mr Jose* Peixoto of Totta Dealer. "But competition is fierce, especially over price, and investors should exercise careful selectivity within the sector for companies with sound finances."

In this context, some engineering and metallurgical companies are also coming to the fore: Somague, Engil and Celcat being mentioned.

Another key sector to watch, according to Mr Jose Fonseca Goncalves, financial analyst of Totta Dealer, is banking, particularly the big three: Banco Comercial Portugues, Banco Totta e Acores and Banco Portugues de Investimento. In fact, it was the better than expected performances by these banks in 1992 that *spurred January's rise in the* index.

Distribution is a third sector where companies are succeeding as the Portuguese grow more affluent. "As there are no food companies quoted in Portugal, distribution is a good investment for a situation in which wages are rising and inflation falling," says Mr Fonseca Goncalves.

Another important factor working in favour of the market has been the first full year of use of the reforms that constituted Portugal's "big bang" in September 1991.

The 1991 reforms introduced two unlisted securities markets in Lisbon and Oporto for small and medium sized companies.

Continuous trading has expanded from an original three companies to 59. *Eventually all companies* listed on the main market, *some 200*, will be brought in, and the dealing timetable will be extended to allow US investors to intervene directly in the Lisbon market.

But the key benefit continuous trading has brought is greater transparency and liquidity," says Mr Pestana Teixeira. "It is proving a vital tool in the recovery of the market and is bringing about a dramatic change."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sacha & Co. and NatWest Securitiea Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 10 1993								TUESDAY MARCH 9 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (86)	136.75	+1.4	141.54	102.01	118.35	128.89	+1.0	3.81	134.83	139.31	100.02	116.89	127.68	153.68	108.18	144.68
Austria (18)	147.35	−0.9	152.50	109.91	127.51	127.60	−0.9	1.76	148.72	153.65	110.32	128.93	128.72	186.70	131.16	170.94
Belgium (42)	145.23	+1.6	150.31	108.32	125.68	122.67	+1.1	4.81	142.99	147.73	106.06	123.96	121.30	152.27	131.18	138.20
Canada (113)	123.70	−0.1	128.03	92.27	107.04	111.66	+0.0	3.00	123.82	127.93	91.84	107.34	111.67	142.12	111.36	131.11
Denmark (33)	203.38	+0.1	210.50	151.71	176.00	176.62	+0.0	1.30	203.22	209.96	150.75	176.16	176.69	273.94	181.70	240.01
Finland (23)	72.75	−0.7	75.29	54.27	62.96	92.22	−0.4	1.37	73.29	75.72	54.37	63.54	92.59	89.80	52.84	80.68
France (98)	156.76	−0.5	162.24	116.92	135.64	138.93	−0.6	3.23	157.61	162.83	116.90	136.62	139.81	168.75	136.93	153.66
Germany (62)	113.39	+0.0	117.36	84.59	98.12	98.12	−0.2	2.33	113.37	117.13	84.11	98.28	98.28	129.89	101.59	118.57
Hong Kong (55)	260.00	−0.5	269.08	193.93	225.01	258.25	−0.4	3.55	261.16	269.84	193.74	226.44	259.25	262.28	176.36	208.18
Ireland (16)	143.66	+0.5	148.86	107.18	124.32	138.41	+0.2	3.79	142.99	147.73	106.07	123.96	138.14	173.71	122.98	158.42
Italy (73)	60.23	+2.0	62.34	44.93	52.12	72.02	+1.5	2.80	59.07	61.03	43.81	51.21	70.96	80.86	47.47	71.57
Japan (472)	114.26	−0.3	118.26	85.23	98.89	85.23	+0.3	0.98	114.61	118.41	85.01	99.37	85.01	140.95	87.27	108.83
Malaysia (69)	280.41	+0.8	290.21	209.15	242.65	281.71	+0.7	2.34	277.82	287.04	206.06	240.85	279.88	282.42	212.49	239.91
Mexico (18)	1538.37	−0.8	1592.17	1147.47	1331.26	5246.09	−0.1	1.14	1546.89	1598.18	1147.47	1341.05	5253.15	1789.77	1185.84	1700.56
Netherland (24)	164.20	+0.7	169.95	122.48	142.10	140.22	+0.5	4.04	163.09	168.50	120.98	141.39	138.50	169.70	147.88	150.04
New Zealand (13)	45.96	−0.8	47.57	34.29	39.78	46.27	−0.5	4.73	46.25	47.79	34.32	40.10	46.48	48.52	37.39	45.54
Norway (22)	147.07	+1.2	152.21	109.70	127.27	141.28	+1.0	1.87	145.37	150.19	107.83	126.03	138.84	192.95	128.05	165.49
Singapore (38)	221.90	+0.2	229.66	165.51	192.02	168.62	+0.4	1.97	221.47	228.82	164.29	192.00	167.89	229.63	179.65	203.80
South Africa (60)	165.13	−0.3	170.90	123.18	142.89	165.41	−0.3	3.04	165.65	171.15	122.88	143.60	165.83	283.80	134.21	212.48
Spain (46)	127.20	+0.0	131.65	94.88	110.07	114.14	−0.3	5.28	127.28	131.48	94.40	110.32	114.53	181.72	107.10	155.11
Sweden (36)	166.97	−0.1	172.61	124.55	144.50	187.99	−0.4	2.06	167.18	172.72	124.01	144.94	196.77	200.28	149.69	181.71
Switzerland (56)	112.92	+0.9	116.86	84.23	97.73	107.42	+0.3	2.01	111.94	115.65	83.34	97.06	107.08	122.37	95.99	97.12
United Kingdom (226)	170.53	+0.0	176.49	127.18	147.56	176.48	+0.2	4.16	170.54	176.18	126.49	147.83	176.18	200.07	161.86	173.94
USA (522)	186.27	+0.5	192.78	138.94	161.20	186.27	+0.5	2.72	185.42	181.57	137.55	160.76	185.42	186.27	160.92	165.12
Europe (775)	140.56	+0.2	145.48	104.85	121.64	134.92	+0.1	3.46	140.33	144.99	104.10	121.68	134.80	156.88	131.31	143.04
Nordic (114)	153.45	+0.0	158.82	114.46	132.79	152.80	−0.2	1.81	153.52	158.51	113.88	133.09	153.15	188.52	141.24	173.81
Pacific Basin (715)	119.76	−0.2	123.94	89.33	103.64	81.76	+0.3	1.31	120.00	123.98	89.02	104.04	91.52	141.97	93.70	113.31
Euro – Pacific (1490)	128.15	+0.0	132.63	95.58	110.89	108.90	+0.2	2.27	128.20	132.45	95.09	111.14	108.70	145.21	113.80	125.44
North America (635)	182.38	+0.4	188.76	136.05	157.86	181.21	+0.4	2.73	181.60	167.62	134.72	157.46	180.42	182.38	158.70	182.96
Europe Ex. UK (549)	121.89	+0.3	126.16	90.84	105.51	111.83	+0.0	2.98	121.56	125.59	90.18	105.40	111.79	132.98	111.33	123.99
Pacific Ex Japan (243)	173.67	+0.4	179.74	129.56	150.30	159.32	+0.3	3.38	172.94	178.67	128.30	148.94	158.87	175.31	146.06	157.52
World Ex. US (1881)	129.25	−0.1	133.77	96.41	111.85	110.88	+0.2	2.29	129.31	133.60	95.93	112.11	110.70	146.91	115.99	127.61
World Ex. UK (1977)	145.26	+0.2	150.34	106.36	125.72	129.89	+0.3	2.29	145.00	149.81	107.57	125.72	129.50	150.58	127.21	136.01
World Ex. So. Af. (2143)	147.47	+0.2	152.62	110.01	127.63	133.87	+0.3	2.47	147.22	152.11	109.22	127.64	133.28	153.05	130.04	138.85
World Ex. Japan (1731)	166.44	+0.3	172.26	124.16	144.06	162.48	+0.3	3.00	165.90	171.40	123.07	143.85	162.00	166.44	151.93	156.68
The World Index (2203)	147.48	+0.2	152.63	110.01	127.63	133.99	+0.3	2.47	147.24	152.12	109.22	127.65	133.61	153.70	130.66	139.30

Constituent changes to France with effect from 12/3/93: Rhone-Poulenc Ordinary A shares will replace Pref. Investment Certs.

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